



Legislation Text

File #: 22-0641, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 5-23-2022

**Requesting Agency: Denver International Airport
Division:**

**Subject Matter Expert Name: Carolina Flores
Email Address: Carolina.flores@flydenver.com
Phone Number:**

Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A resolution approving a proposed Power Purchase Agreement between the City and County of Denver and Oak Leaf Solar 56, LLC concerning purchasing electricity from a solar array to be built at Denver International Airport.

Approves a Power Purchase Agreement with Oak Leaf Solar 56, LLC for \$26,921,860 and through 12-31-49 to purchase electricity from a solar array to be built at Denver International Airport in Council District 11 (202262492). The last regularly scheduled Council meeting within the 30-day review period is on 6-27-22. The Committee approved filing this item at its meeting on 6-1-22.

Affected Council District(s) or citywide? Council District 11

Contract Control Number: 202262492

Vendor/Contractor Name (including any "DBA"): Oak Leaf Solar 56, LLC

Type and Scope of services to be performed:

This requests initiation of a Power Purchase Agreement to purchase electricity from a solar array to be built at Denver International Airport (DEN) at the greater of 86% of the avoided energy price from Xcel or \$0.030/ kilowatt-hour (kWh). In no event will the rate exceed \$0.0575 per kWh. DEN will subscribe to Solar IX at a per kilowatt-hour cost that is less than the per-kilowatt-hour cost

currently paid to Xcel Energy, resulting in immediate savings. DEN is expected to save \$149K in year one (\$914K vs. \$1.063M from Xcel); based on a 2.5% annual inflation rate, DEN would realize a benefit of approximately \$4.9 million over the 25-year term. The concurrent 25-year lease and license agreements will also generate \$500K of total revenue for DEN, bringing the overall benefit of Solar IX to approximately \$5.5 million over the entire term. The solar array is expected to generate over 560 million kWh of renewable electricity and avoid over 500,000 tons of CO2 over its project life.

This is one of two agreements necessary to create the business structure for a 13 megawatt (MW) solar project. This agreement will need to be approved in conjunction with a ground lease of approximately 64 acres, 202262383 DEN Solar IX Ground Lease.

Location (if applicable): DEN

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts):

Are WBE/MBE/DBE goals met (if applicable)?

Is the contract new/a renewal/extension or amendment? New

Was this contractor selected by competitive process or sole source?

This procurement qualifies for the Sole Source exception under Memorandum No. 8B and will not be competitively procured.

Large solar photovoltaic projects such as this are dependent on incentives provided by Xcel Energy. Xcel completed a competitive procurement process through their 2021 Solar*Rewards Large Program RFP and awarded capacity for this project to the developer of Solar IX. Due to these incentives being awarded to Oak Leaf, no other solar developer can develop a solar project of this size within Xcel's solar incentive program under these financial terms.

For New contracts

Term of initial contract: 25 years 6 months

Options for Renewal:

How many renewals (i.e. up to 2 renewals)?

Term of any renewals (i.e. 1 year each):

Cost of initial contract term: \$26,921,860

Cost of any renewals:

Total contract value council is approving if all renewals exercised:

For Amendments/Renewals Extensions:

Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)?

If length changing

What was the length of the term of the original contract?

What is the length of the extension/renewal?

What is the revised total term of the contract?

If cost changing

What was the original value of the entire contract prior to this proposed change?

What is the value of the proposed change?

What is the new/revised total value including change?

If terms changing

Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)