



## **City of Boulder 2020 Request for Proposals: Utility- and Community-Scale Electric Power Supply and Innovative Financing Options**

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*The City of Boulder published a request for proposals (RFP) on July 17, 2020 for utility- and community-scale electric power supply and innovative financing options. Responses were due Aug. 14, 2020. The RFP sought bids for power supply to serve a municipal electric utility as well as financing to support ongoing municipal electric utility development work. The power supply component of the RFP requested bids that achieve the Climate Commitment target of 100% renewable electricity and 100 MW of local generation by 2030.*

*This document summarizes the results of the bids. Negotiations with bidders are ongoing.*

### **Summary**

- The city received bids from eight individual bidders, comprised of 41 different projects.
  - Two bidders proposed full requirements power supply for a municipal electric utility.
  - Six bidders proposed individual renewable electricity and battery storage projects.
- The individual projects were a combination of wind (with and without the production tax credit), solar, solar plus storage, standalone storage and community solar (with and without battery storage).
  - Known locations of projects<sup>1</sup>: within Boulder city limits, Boulder County, Adams County, Larimer County, Pueblo County, Prowers County
- The city received bids for innovative financing to support continued development of a municipal electric utility. The bids included both at-risk capital (that would not need to be repaid under certain conditions) as well as financing that would be repaid after a municipal electric utility begins operations.

### **Full Requirements Power Supply**

The city received responses from two bidders proposing to provide full requirements power supply to a municipal electric utility. These bids included both utility-scale solar, wind and battery storage projects as well as community solar and storage projects to be developed within city limits and in Boulder County.

- Pricing: 8-15% lower than the 2018 request for indicative pricing.
- Renewables: bids achieve 100% renewable electricity by 2030.
  - One proposal includes development of up to 55 MW of local generation across ground-mount, rooftop and solar canopies.
- Experience: vendors have significant project development and operational experience, serving municipal, cooperative and investor-owned utilities.

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<sup>1</sup> Some bidders did not provide specific project locations.

## Individual Projects

In addition to bids for full requirements power supply, the city also received bids for individual projects. The individual projects could be selected in combination with other bids to create a portfolio that could supply a municipal electric utility (similar to how Xcel selects individual projects in an Electric Resource Plan to add to its total generation portfolio). It is important to understand that some of the projects contain provisions that the projects must be developed prior to the creation of a municipal electric utility (as early as the end of 2022). In this scenario, the city would assume financial risk related to the ability of the developer to sell the output on the spot market until the city can take delivery.

The table below summarizes the bid prices for individual projects (not part of the full requirements power supply bids). Values are rounded to protect confidentiality.

<b>Technology</b>	<b>Total Projects<sup>2</sup></b>	<b>Average Energy Price (\$ / MWh)</b>	<b>Average Capacity Price (\$ / kW-month)</b>
Wind with PTC	*	\$24.00	N / A
Wind without PTC	*	\$38.00	N / A
Solar	13	\$26.00	N / A
Solar + Storage	6	\$30.00	\$8.00
Standalone Storage	10	N / A	\$7.50
Community Solar	10	Various <sup>3</sup>	

<sup>2</sup> The number of projects is excluded where the revealing the number may disclose confidential information. In this case, the average energy price (\$ / MWh) is approximated.

<sup>3</sup> Community solar projects varied in size and location (ground-mount vs. rooftop) Some community solar projects were also contained with larger proposals that included utility-scale resources and the city is still working to determine specific pricing. Community solar projects were also proposed for interconnection prior to creation of a municipal electric utility (i.e. through existing Xcel Energy community solar programs) as well as after creation of a municipal electric utility (after 2025). As a result, the pricing varies widely, making an average price not relevant.

## **Innovative Financing**

The city received bids for innovative financing to support continued development of a municipal electric utility. The bids included both at-risk capital (that would not need to be repaid under certain conditions) as well as financing that would be repaid after a municipal electric utility begins operations. The financing is available both if the November 2020 community vote on the proposed franchise agreement, settlement and partnership is approved as well as if the vote is not approved.

- If the November 2020 franchise, settlement and partnership vote is approved:
  - Proposals offered financing (up to \$10 million) for expenses contingent on approval of a power supply agreement.
  - If Boulder exits the partnership within five years and subsequently voters approve a municipal electric utility Go / No-Go vote, the historical financing amount is added to the cost of the power supply agreement.
  - If Boulder exits the partnership within five years and subsequently voters do not approve a municipal electric utility Go / No-Go vote, the city retains \$1 million and returns the remainder (up to \$9 million) of the financing amount after the vote.
- If the November 2020 franchise, settlement and partnership vote is not approved:
  - Proposals offered financing (up to \$1 million) for ongoing costs related to development of a municipal electric utility.
  - If a future Go / No Go vote is approved, the financing amount is added to the cost of power supply.
  - If a future Go / No Go vote is not approved, Boulder retains the financing amount.

The city also received one proposal offering financing options for remaining activities to create a municipal electric utility (e.g. legal, regulatory, condemnation, engineering studies, power supply interconnection studies) as well as acquisition, separation, start-up and stranded costs. The proposal offered up to \$300 million, with repayment terms of 20, 25 and 30 years on a fixed dollar per month basis. Estimated cost of capital, depending on total amount borrowed and term of repayment, ranges from 3.8% to 4.9%. The city is currently evaluating the financing offers, including the implications of TABOR.

## **Next Steps**

Staff is conducting due diligence with bidders. This includes exploring risks to the project development timeline relative to the uncertainty related to creation of a municipal electric utility as well as the potential to develop community and utility-scale projects in a potential partnership with Xcel Energy.