



City of Grand Island

Tuesday, May 8, 2012

Council Session

Item I2

#2012-124 - Consideration of Approving Renewable Energy Goal

Staff Contact: Tim Luchsinger, Utilities Director

Council Agenda Memo

From: Timothy Luchsinger, Utilities Director

Meeting: May 8, 2012

Subject: Renewable Energy Goal

Item #'s: I-2

Presenter(s): Timothy Luchsinger, Utilities Director

Background

State statute requires that public utilities in Nebraska provide its customers with adequate electric service at as low of an overall cost as possible, consistent with sound business practices. To do so, public utilities must look at long-term, in addition to immediate, issues in an overall context. The Utilities Department has taken an approach in its energy supply strategy to incorporate multiple facilities using a blend of fuel sources. This allows flexibility in managing costs that can occur because of market conditions due to industry issues or environmental concerns. Energy supply planning must also take into account the long timeframes that are common in electric generation development, therefore, utilities plan for conditions projected at least five to ten years in the future, sometimes even longer.

Traditional energy sources in Nebraska have been based on coal because of the close proximity of mines in Wyoming and a robust railroad system through this area. These have been supplemented with hydro, natural gas and nuclear facilities, resulting in low cost power to Nebraska customers.

Due to developing environmental concerns, the State's utilities have been developing facilities with renewable energy sources, primarily wind generation because of its potential compared to solar or biofuels. Grand Island has participated in some of these projects on a minor basis to learn more of the details of wind generation costs and operational issues. At this time, wind supplies a little over one percent of the City's energy requirements and has resulted in a cost impact to electric rates of less than one percent.

Discussion

In keeping with public power's mission of providing the lowest overall cost power based on sound business practices, the Department must continue to evaluate alternative or additional energy sources. Continuation of an energy supply portfolio including renewable energy sources is recommended, and future potential projects of renewable energy sources should continue to be evaluated. When the evaluation determines that it is in the City's best interests, a recommendation for participation in a project should be presented to Council for consideration and include the impact of the project on the City's energy requirements and costs to its customers.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the resolution to direct the Utilities Department to evaluate potential renewable energy projects and provide to Council recommendations for participation as needed to maintain a balanced energy portfolio.

Sample Motion

Move to approve the resolution to direct the Utilities Department to evaluate potential renewable energy projects and provide to Council recommendations for participation as needed to maintain a balanced energy portfolio.

CITY OF

Grand Island

NEBRASKA

UTILITIES

Energy Portfolio – Renewable Sources

City Council Meeting
May 8, 2012

Grand Island Wind Participation

- Ainsworth – 1 megawatt (MW)
- Elkhorn Ridge – 1 MW
- Laredo Ridge – 1 MW
- Broken Bow – 1 MW (planned for late 2012)
- Springview 2 – minimal output – access to data

Wind / Electric Cost Summary

- Wind accounted for 1.4% of Grand Island's total energy in 2011
- Average power cost = \$34 / megawatt-hour
- Average wind cost = \$58 / megawatt-hour
- Average household used 0.9 megawatt / month
- Power Cost Adjustment is 3.24% higher due to wind
- Average monthly household cost for wind = \$0.55

RESOLUTION 2012-124

WHEREAS, State Statute requires that public utilities in Nebraska provide its customers with adequate electric service at as low of an overall cost as possible, consistent with sound business practices; and

WHEREAS, The Grand Island Utilities Department has taken an approach in its energy supply strategy to incorporate multiple facilities using a blend of fuel sources; and

WHEREAS, due to developing environmental concerns, the State's utilities have been developing facilities with renewable energy sources, primarily wind generation, and Grand Island Utilities has participated in some of these projects to learn more of the details of wind generation costs and operational issues, and

WHEREAS, to continue to provide the lowest overall cost power based on sound business practices, alternative or additional energy sources will need to be evaluated, and

WHEREAS, a balanced energy portfolio should contain renewable energy sources.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Utilities Department will evaluate potential renewable energy projects and provide to the Council recommendations for participation as needed to maintain a balanced energy portfolio.

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Adopted by the City Council of the City of Grand Island, Nebraska, May 8, 2012.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
May 4, 2012	☐ City Attorney