

ITEM #:	<u>13</u>
DATE:	<u>03-11-25</u>
DEPT:	<u>ELEC</u>

COUNCIL ACTION FORM

**SUBJECT: DEVELOPMENT OF UTILITY SCALE WIND FARM - AWARD A LETTER
OF INTENT**

BACKGROUND:

In support of a City Council goal to expand sustainability efforts, Electric Services has been working to add a utility scale wind generation project to its long-term generation portfolio. Staff's first attempt was through a traditional Request-For-Proposal (RFP) process to which the City received no concrete offers. After reaching out to prospective developers and other utilities to understand the lack of respondents, it was determined that utility-sized projects most often have a buyer involved early in the process, as the project is under development.

Staff reached out to developers with a proven track record who have successfully completed utility-scale wind project in Iowa and in the MISO (Midcontinent Independent System Operator) footprint. **The goal is to work together to develop one or more renewable energy wind projects beginning with site selection, through project development, permitting, and pricing.**

The purpose of this Letter of Intent (LOI) is to establish certain non-binding agreements between the City and a developer of renewable energy projects and set forth a potential path forward towards an Asset Purchase or Power Purchase agreement between the City and the developer.

Staff held several meetings with Ames Greenfield Development Co, a subsidiary of Callaway Energy Development. Their development team for this Ames initiative will be led by Robert Bergstrom, who has completed more than 35 utility-scale wind projects across the country, with several in Iowa. Greenfield's approach is to focus on the City's needs first and then bring in other utilities to share in any excess wind farm output. This non-binding LOI gives Ames the ability to be involved in a potential project from the beginning with rights of first refusal once the details and cost of the project are known.

Ames will be able to determine the amount of wind it needs and can choose either to own the project or sign a Power Purchase Agreement. In addition, Greenfield will bear all the development costs. Ames' only obligation will be to pay to investigate on its own how the City can best use any Inflation Reduction Act funds, if still available, and any other grants or outside funding which may be available.

Since projects of this magnitude are complex and require approvals at several levels, including MISO, it is prudent to begin development today in order to meet a 2030 in-service date.

Entering into a LOI with Ames Greenfield Development Co, a subsidiary of Callaway Energy Development will allow the City to:

- 1. Determine suitable site(s) to support up to 100 MWs of wind generation.**
- 2. Utilize its marketing support to help attract landowner participation in the project.**
- 3. Cooperate with project development objectives.**

4. **As project(s) enter late-stage development, the City either elects to participate in the project(s) or pass on the opportunity.**
5. **To determine whether to own a portion, contract for the energy, or pass on this opportunity and seek another wind developer.**

EUORAB held a meeting on January 16, 2025, during which the developer selection and letter of intent was discussed. EUORAB is in support of the selection of Ames Greenfield and recommends that the City Council approve the Letter of Intent.

ALTERNATIVES:

1. Select Ames Greenfield Development Co LLC, a subsidiary of Callaway Energy Development, as the City's developer of utility-scale wind project(s) and enter into a Letter of Intent to begin working on wind project(s) on behalf of the City of Ames.
2. Reject this LOI and proceed with another method or developer to add renewable generation to the utility's portfolio.

CITY MANAGER'S RECOMMENDED ACTION:

Implementing a utility scale wind project is one of the City Council goals to expand sustainability efforts. Unlike other generation projects, acquiring utility-scale wind generation projects through the RFP process has been unsuccessful.

By selecting a wind developer at the planning stage, projects can be developed to fit the City's needs and specifications. Through a non-binding LOI, staff is involved at all stages of the planning and design phases, and the City only makes a final commitment to the project after all variables are known and final cost is determined. At that point a final contract will be developed and brought before EUORAB and the City Council for final consideration. Therefore, it is the recommendation of the City Manager to approve Alternative No. 1, as described above.