

Contact: Jean Friedrich

**INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS**

**Action Requested:** Consider approval of one agreement amendment for the benefit of Iowa State University, subject to approval of the final document by the Board Office and Attorney General's Office.

**(ROLL CALL VOTE)**

**Executive Summary:** Iowa Code §262.11 requires that certain agreements, leases, and easements be approved by the Board of Regents by roll call vote. The agreement amendment has been reviewed by the Attorney General's Office and is subject to approval of the final document by the Board Office and Attorney General's Office.

**Iowa State University**

Iowa State University requests approval to amend its electrical interchange agreement with the City of Ames. The original agreement governs the sale and purchase of power and the operation and maintenance of transmission facilities for power flow between the University and the City. The amendment would allow the University to purchase 6 megawatts of wind energy for a 20 year period from January 2010 through December of 2029.

Approval of the amendment would allow the University to provide approximately 10% of its electrical consumption from a renewable resource located in Iowa and would help Iowa State University contribute to the Board's goal of a 10% renewable energy portfolio, help the University to attain some of its sustainability goals, and reduce the University's carbon footprint.

The City of Ames received proposals to supply renewable energy for both the City of Ames and Iowa State University. An evaluation team of City and University staffs evaluated the proposals and recommended entering into a Power Purchase Agreement with Garden Wind, a subsidiary of NextEra Energy, to purchase 36 megawatts of wind energy. The City of Ames will utilize 30 megawatts and the remaining 6 megawatts will be used by Iowa State University. The Power Purchase Agreement was approved by the Ames City Council at its meeting on September 8, 2009.

The University's power plant produces all the low cost electricity possible from its cogeneration operation. However, the University's electrical usage exceeds what can be produced by cogeneration. The additional electricity is produced at the power plant with higher cost generation or is purchased from outside sources. The University reports that the cost of the wind energy would be less expensive than what is produced by the University's higher cost generation and would be competitive with energy that is purchased from outside sources. Depending on the daily electricity market, there will be times where the wind energy is more expensive and times where the wind energy is less expensive. The University believes it can incorporate wind energy into its energy portfolio with minimal effects on campus utility costs.

Additional information is available from the Board Office.