



City of Houston

Wind Power Contract

Overview



The City of Houston will purchase wind power from Texas wind farms like this one.

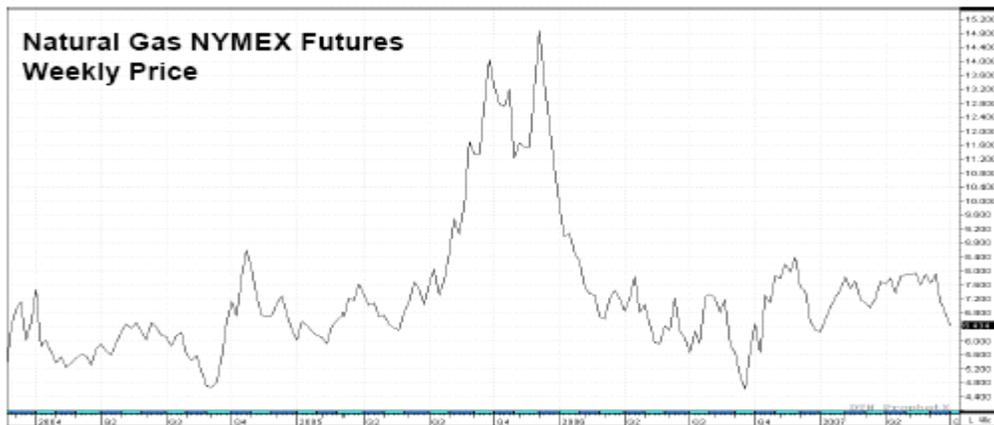
Officials from the City have been working to stabilize the City's \$150 million annual electricity bill. The strategy that City experts have settled on is a diversified power portfolio including the use of renewable wind power.

The City has negotiated a contract to ensure that a third of the city's power is to be generated by renewable wind energy, making Houston a national leader among local governments across the country using renewable energy.

The mandate for wind as part of the annual 1.3 billion kilowatt hours needed to power city

buildings, street lights and water plants comes from Mayor Bill White, who has made energy conservation a theme of his tenure. The Mayor looked to change the source of energy after hurricanes Katrina and Rita – in 2004 – disrupted the production and delivery of natural gas – the common fuel at Texas power plants – prompting electricity prices to soar. And, to promote the use of “green power.”

The city spent approximately \$150 million during the last fiscal year on electricity, paying a rate of roughly \$91 per 1,000-kilowatt hours. Katrina and Rita drove natural gas and power prices up 3 fold creating liabilities for the City of \$30M over budget. City officials, who have seen Houston's electricity bills nearly double since 2004, hope the new source will help control those costs over the five-year contract.



The renewable wind power contract gives the City of Houston the ability to bring in up to 80 megawatts, or 700,800,000 kilowatt-hours, of renewable power which represents 50% of the City's total power. This would embody the highest purchase of green energy by any governmental entity, including federal agencies. The design of the contract includes a negotiated "structure" that comprises third party wholesalers, Reliant Energy, the Government Land Office, and City of Houston to transact long-term wind power. The strategy will be to step in 10 megawatts increments of wind power for 5-year terms at competitive prices.

In choosing renewable wind power as a major source of the City's overall power usage, the City will not only be saving the tax payers money, but more importantly, get a power source that reduces climate-changing emissions from being emitted into the air.

Wind power has many advantages. Wind power is the fastest-growing energy source in the world, with annual average growth of 32 percent between 1998 and 2002. Wind energy is fueled by the wind, so it's a clean fuel source. Wind energy doesn't pollute the air like power plants that rely on combustion of fossil fuels, such as coal or natural gas. Wind turbines don't produce atmospheric emissions that cause acid rain or greenhouse gasses.

Wind energy is a domestic source of energy, produced in the United States, and the nation's wind supply is abundant.

Wind energy relies on the renewable power of the wind, which can't be used up. Wind is actually a form of solar energy; the heating of the atmosphere by the sun, the rotation of the earth, and the earth's surface irregularities cause winds.

Wind energy is one of the lowest-priced renewable energy technologies available today, costing between 4 and 8 cents per kilowatt-hour, depending upon the wind resource and project financing of the particular project.

Wind turbines can be built on farms or ranches, thus benefiting the economy in rural areas, where most of the best wind sites are found. Farmers and ranchers can continue to work the land because the wind turbines use only a fraction of the land. Wind power plant owners make rent payments to the farmer or rancher for the use of the land.

The City's move to renewable energy comes as Texas has gained recognition as one of the country's top producers of wind power, and as federal regulators are predicting that use of the wind to generate electricity will grow substantially across the country over the next 25 years.

Wind-power advocates applaud the City's effort. Once operational, the wind contract will make Houston a leader across the country, according to the Environmental Protection Agency, which lists local governments participating in its "Green Power Partnership."

Since this electricity is coming from a clean / renewable source, once the 50 Megawatt threshold is met, the City will be reducing the greenhouse gas emissions associated with our electricity usage by approximately 300,000 metric tons per year. That is the equivalent of removing 60,000 cars from the road. Once enacted, Houston will lead the nation in the percentage of renewable energy used by a City government.

The City of Houston's purchase of renewable wind energy, also accounts for a significant investment into the renewable energy market. With such an investment of renewable energy being poured into that market, the City of Houston is paving the way to grow the markets of the renewable energy industry.

Houston residents interested in changing their personal power source to "green energy" can go to www.houstonconsumerchoice.com to look into wind power options for their own personal homes.