

[Print](#)[Back to Calendar](#)[Return](#)[Previous](#)[Next](#)

K.1

**City Council Regular Meeting****Meeting Date:** 11/21/2016**Recommended by:** Larry Rains**Prepared by:** Steven Turner, Management Analyst**Finance Director Review:** Celina Morris**City Attorney Review:** Brett Wallace**Approved by:** Larry Rains**Date Submitted:** 09/20/2016**Type of Action Requested:** Ordinance

---

**SUBJECT:**

An ordinance authorizing a Power Purchase Agreement between the City of Casa Grande and nFlux Energy Products LLC.

**RECOMMENDATION:**

Staff recommends the Mayor and City Council approve the Power Purchase agreement between the City of Casa Grande and nFlux Energy Products LLC which would allow nFlux Energy Products LLC to sell electricity generated from a combined heat and power facility to the City of Casa Grande.

**DISCUSSION:**

nFlux Energy Products seeks to implement and operate Energy-Greenhouse facilities that will produce low cost clean energy, increase food crop yields by up to 40% and with 10% of the water usage. They plan to use a CO2 fertilization process and heat from a generator, along with water from the City's Waste Water Treatment Plan to produce vegetables.

- Initial development will be on 40 acres near the nFlux Burris-Rodeo location.
- Any electricity beyond the 7.5 GWhs not used by the City will be nFlux's responsibility to repurpose and redistribute to an additional purchaser
- Electricity sold from nFlux to the City will be for 5.25 cents per kWh until the electricity measured by the Metering point reaches 7.5 GWhs in a contract year. Current market rate is 10.5 cents per kWh
- City has first right to power with growing demand
- City will only be billed for the amount of energy used at the Waste Water Treatment Plant
- Payments will be made annually
- nFlux will be responsible for all interconnection, electric losses, transmission and ancillary service arrangements, and costs required to deliver the energy up to the point of delivery
- Either party has ability to terminate the agreement if the nFlux Commercial Operation Date has not occurred by December 2018.

**FISCAL IMPACT:**

The current market rate for electricity is 10.5 cents per kWh which equals approximately \$950,000 per year. With this Power Purchase Agreement between the City of Casa Grande and nFlux Energy Products, the City will now pay exactly 5.25 cents per kWh which means the City would approximately pay \$547,373 for electricity per year based on our current usage rates. That equals an

approximate savings of \$402,627 per year.

**ALTERNATIVES:**

Do not approve the Power Purchase Agreement.

Direct staff to renegotiate terms of the Power Purchase Agreement with nFlux Energy Products LLC.

**Attachments**

[CM O-Power Purchase Agreement with nFlux Energy Products, LLC](#)

[Power Purchase Agreement](#)

---

AgendaQuick©2005 - 2016 Destiny Software Inc., All Rights Reserved