An aerial photograph of a large solar farm. The solar panels are arranged in a grid pattern, stretching towards the horizon. The sun is low on the left side, creating a bright glow and casting long shadows. The sky is filled with soft, colorful clouds in shades of orange, yellow, and blue.

VIRTUAL POWER PURCHASE AGREEMENT

**NICOLE ANTONOPOULOS
OCTOBER 2025**

Agenda

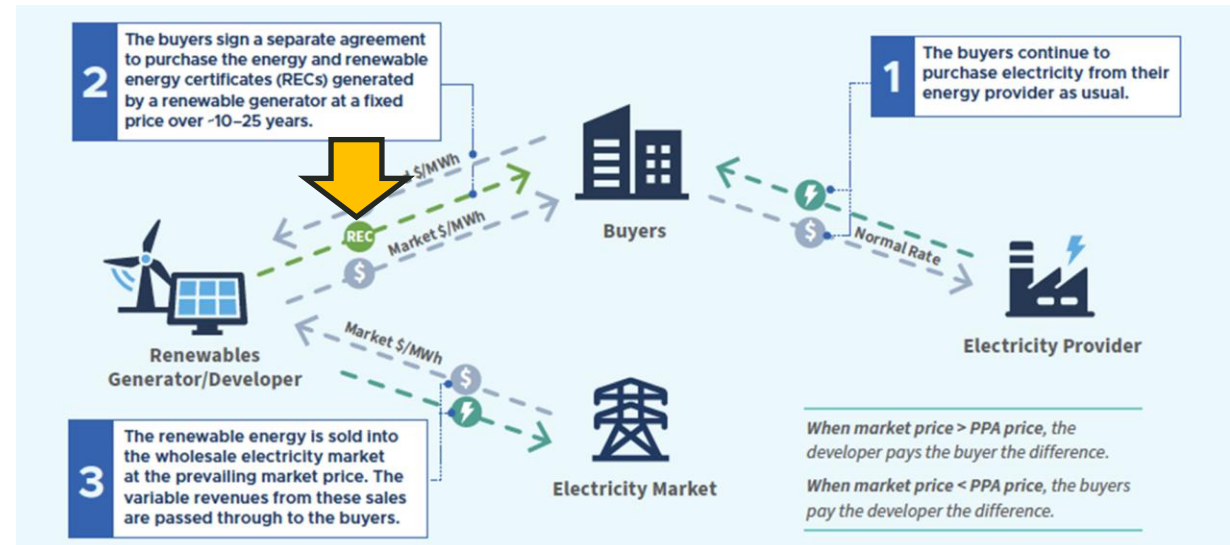
1. Recap of a Virtual Power Purchase Agreement (VPPA)
2. Inter-governmental Agreement framework
3. Next steps



1. Recap of a Virtual Power Purchase Agreement

Role of a Virtual Power Purchase Agreement

This VPPA discussion focuses on purchasing Renewable Energy Credits (REC) at the most competitive rates to offset remaining non-renewable municipal energy use. It also supports new clean energy projects in a cost-competitive manner.



The City's Current Clean Energy Portfolio

Diversified Portfolio	Agency	Contract	~Annual Energy Yield/RECs (MWh)	~ Annual Operational Savings
1) Arizona Power Authority (Hoover Dam) Schedule D	APA	2057	850	\$38,450
2) APS Green Power Partners (GPP)	APS GPP	Monthly	36,000	-\$96,850
3) CoF Owned	CoF	Financed thru 2029/2030 +	1,300	\$32,740/\$176,549
4) PPA	PPA	2031	1,500	\$32,880

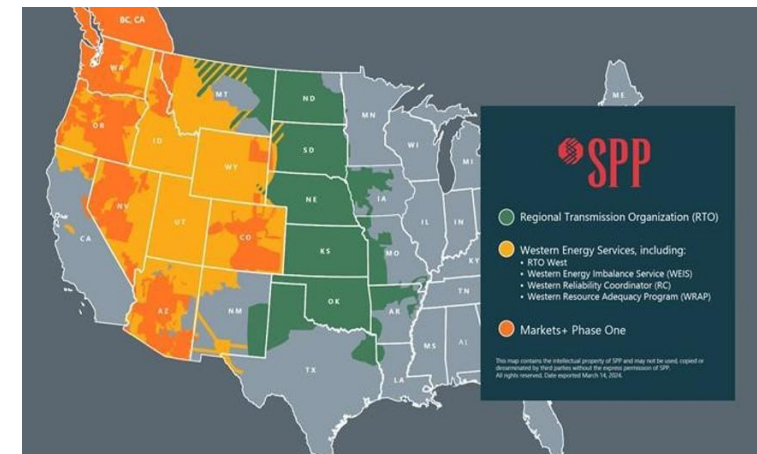


2. The Intergovernmental Agreement

Intergovernmental Agreement

The IGA will authorize NAU to issue a non-binding solicitation on behalf of the consortium to procure price competitive RECs:

1. Prioritize regional participation from **APS/SRP**
2. Open to national wholesale energy markets, favoring Southwest Power Pool.



Solicitation Draft Scoring



Project Economics – Projects that have favorable forecasted economics and structures that can reduce month-to-month settlement volatility: **40%**



Project's Connection to Arizona – Projects in Arizona that support the Arizona economy or with the potential to feed into the Arizona grid post the SPP West expansion, **10%**



Project Impact – projects with higher emissionality, projects with additional community impact, education opportunities, on tribal lands, etc., or other project benefits beyond economics : **10%**



Likelihood of Project Completion – Project Development Progress, Developer's previous track record of development, as well as any specific experience with consortiums or public institutions, and Developer Presentation: **25%**



Contracting – Favorability of the provided term sheet and willingness to accept the Consortiums Terms and Conditions and justification for non-agreement and impact to Consortium due to non-agreement: **15%**



3. Next Steps



VPPA DRAFT TIMELINE	Date
IGA approval by parties	Early October
Finalize RFP specs	Mid/late Oct
Issue RFP to renewable energy developers	Late Oct/Early Nov
Present Consortium request to APS	Late Oct/Early Nov
NOI to bid	One week of issuance
Developer/Utility responses (50-100 responses)	Late Nov.
Response analysis	Dec.
Short list review/Interview/Request term sheet or send ours/ Best and Final	3-4 weeks
Decision on final project—NOI to award for VPPA or APS initiation	Early Feb.
Term Sheet and LOE/Preliminary redline/Finalize terms/Sign to negotiate	April 2026
PPA/Utility negotiation (ideally 95% aligned parties)	August 2026
Approve and Sign. Party approvals	Sept. 2026
Operational Project and REC delivery	2027-2028

QUESTIONS?

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