

GOODHUE COUNTY DEPARTMENT OF PUBLIC WORKS



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TO: Honorable County Commissioners
Scott Arneson, County Administrator

FROM: Greg Isakson, Public Works Director

RE: 04 Jun 19 County Board Meeting
Community Solar Garden Subscription

Date: 29 May 19

Summary

It is requested that the County Board select a developer to negotiate an agreement for a subscription to a Community Solar Garden.

Background

This item was last before the County Board at their 20 Nov 18 meeting. The Board authorized staff to solicit Request For Proposals (RFPs) for a subscription to a Community Solar Garden to purchase 1,500,000 kWh of electricity annually, with a preference for Value of Solar (VOS) gardens and panels that are made in America.

The County received four RFPs by the deadline stated in the RFP.

The following three proposals are based on Xcel's VOS program:

IPS: Their bill credit discount is \$0.007 below Xcel's bill credit. So, in the first year we would receive a bill credit from Xcel of \$0.0976 / kWh and they would charge us \$0.0976 - \$0.007 = \$0.0906 per kWh. Multiplied by the starting 1,500,000 kWh = \$10,500 for the first year. IPS's proposal is based off Xcel's 2018 bill credit rate which is set by Xcel for the 25 years of the contract and is applicable for all Solar Gardens brought on line this year.

The County's **25 year Accumulative Savings** from subscribing with **IPS** would total **\$247,337**.

IPS has gardens in Goodhue, Rice, Dakota, and Olmsted counties.

Their panels are made in **Minnesota**.

US Solar: Their bill credit discount is \$0.010 below Xcel's bill credit. 590,000 kWh was proposed to come from a garden that qualifies for Xcel's 2017 bill credit rate and the remaining 590,000 kWh would come from a garden that qualifies for Xcel's 2018 Bill Credit Rate. This combination of some power at the 2017 rate and the remainder at the 2018 rates results in a 25 year savings of \$353,339. Unfortunately their garden that qualifies for the 2017 rate is full and not available. Therefore, their 25 year savings with all power based on the 2018 rate is reduced to \$343,500. They also offered a \$10,000 donation to support promotion and education of solar energy or other sustainability efforts in the County.

The County's **25 year Accumulative Savings** from subscribing with **US Solar** would total **\$343,500 plus the \$10,000 donation.**

US Solar has one available garden in Goodhue County and would need to find another to fill out our requested power needs.

Their panels are made in **India.**

Nokomis Partners: Their bill credit discount is also \$0.010 below Xcel's bill credit. All their applicable gardens are qualified for Xcel's 2018 Bill Credit Rate. Their 25 year savings is \$343,500. They also offered a \$25,000 signing bonus to show their commitment to filling their subscriptions and getting their gardens up and running. Half the bonus would be paid out at contract signing and the second half at signing the specific garden agreements.

The County's **25 year Accumulative Savings** subscribing with **Nokomis Partners** would total **\$343,500 plus a \$25,000 signing bonus.**

Nokomis Partners has several available gardens in Rice and Dodge Counties.

Their panels are made in **Vietnam.**

One proposal received by the deadline stated in the RFP is based off Xcel's older (pre-2017) **Applicable Retail Rate (ARR) credit program.** The Board considered several ARR proposals in late 2016 but took no action to accept any of the proposals because of the risk involved with basing the anticipated saving on assumed electrical rate increases from Xcel over the next 25 years.

ReneSola's proposal offered three variations, all based off the assumption that Xcel's rate increase will be 2.6%.

Their **Indexed** Rate option sets the subscription rate (that we would pay them per kWh) at \$.0150 less than the assumed Xcel credit rate. If Xcel's rates are flat, this option could cost more than not subscribing.

Their **Escalator** Rate option uses a slightly higher subscription rate in the first year than the Indexed option and increases it at 1% a year. If Xcel's rates are flat, this option could cost more than not subscribing.

Their **Flat** Rate option uses a slightly higher subscription rate in the first year than the Escalator option and remains the same for the entire 25 years. If Xcel's rates are flat, this option could save a minimal insignificant amount.

If Xcel's rates increase at 1% or more, then their Flat Rate option program will save more than the VOS contracts mentioned above. If Xcel's rates increase by the 2.6% / year they assume in their proposal, then this program could save the County \$1,647,800.

Alternatives:

- The Board could enter agreement negotiations with a VOS solar garden developer. These agreements have very little risk since Xcel sets the Bill Credit Rate for the entire 25 year contract period and the developers are offering a power purchase rate based on a specific consistent dollar value below Xcel's Bill Credit Rate.
- The Board could enter agreement negotiations with the ARR solar garden developer who replied by the deadline stated in the RFP. This ARR agreement has higher risk and higher potential savings.
- Take no action.

Recommendations:

It is recommended that if the Board wishes to consider a VOS solar garden developer, then the recommendation is to begin negotiations with Nokomis Partners.

If the Board wishes to consider an ARR solar garden, then there is only one choice, ReneSola. If the Board takes this route, the recommendation is to negotiate a contract based on their Flat Rate option.

Since the VOS proposal has very little risk and the ARR proposal contains both risk and higher returns, the Board could consider splitting (or increasing and splitting) the kWh between Nokomis and ReneSola.