



PUBLIC HEARING AGENDA ITEM

DATE OF PUBLIC HEARING: March 7, 2017
SUBJECT: Community Solar Energy Provider
FROM: Todd Leopold, County Manager; Bryan Ostler, Interim Deputy County Manager; Benjamin Dahlman, Finance Director; Kim Roland, Purchasing Manager
AGENCY/DEPARTMENT: Performance and Sustainability Office, Facility Operations
HEARD AT STUDY SESSION ON: N/A
AUTHORIZATION TO MOVE FORWARD: <input type="checkbox"/> YES <input type="checkbox"/> NO
RECOMMENDED ACTION: That the Board of County Commissioners approves proposal awards to SunShare Community Solar and Clean Energy Collective to provide solar energy to county facilities

Introduction: In April of 2015, the Adams County Board of County Commissioners approved a 2030 Sustainability Plan for county operations which calls for a 25% reduction in energy consumed from non-renewable resources per building square foot by the year 2030. On December 23, 2016, the County issued a formal Request for Proposal seeking a qualified contractor, or contractors, to provide County facilities with renewable solar energy to offset the consumption of electricity. The County sought a contractor that could supply between 2.8-3.2 megawatts (MW) of power annually.

Proposals: Proposals were opened on January 19, 2017 with two firms, SunShare Community Solar and Clean Energy Collective, submitting proposals. After a thorough review of each proposal, the evaluation committee, which included an independent third-party commenter from United Power, determined that SunShare Community Solar met the County's needs from a technical standpoint and also provided the lower cost of the two respondents.

The County is seeking up to 3.2 megawatts (MW) of power capacity from SunShare Community Solar at the blended rate of \$0.0615 per kilowatt hour (kWh) with a 1.75% Power Purchase Agreement (PPA) escalator rate assuming a 2.75% annual utility cost inflation rate.

Assumptions: Xcel Energy, Inc., indicates that on average utility rates have increased at a rate of 3.1% since FY 2004. While annual fluctuations in rates exist, this illustrates the average rate increase in recent years. The review team's estimate of projected savings realized through a community solar agreement with SunShare Community Solar assume an annual rate increase of 2.75%, which is a conservative estimate based on Xcel Energy, Inc.'s reported average increase.

Based on the current rate structure of County facilities within Xcel Energy territory, the County would experience the following estimated cost savings:

- Year 1 assumed savings: \$39,428
- Year 5 cumulative savings: \$243,054
- Year 10 cumulative savings: \$612,387
- Year 15 cumulative savings: \$1,128,991
- Year 20 cumulative savings: \$1,816,710

Risk: The County assumes minimal risk with the award of an agreement to SunShare Community Solar for community solar energy services at County facilities. The primary risk that could have an impact on this agreement is based upon the standard cost of electricity from the utility company (Xcel Energy, Inc.). Should the standard rate for electricity decline significantly over an extended period of time, the assumed savings may not be realized. The County reviewers have concluded that the likelihood of utility rates decreasing this substantially over an extended period of time is very minimal given the historical trend of the cost of electricity.

The 20-year time horizon presents a potential risk; technological development and other changes over the time horizon could present alternative opportunities and future opportunity costs should options not currently existing occur. The reviewers deem this to be a low level risk. The opportunity cost associated with not moving forward with this agreement is higher, and is based on continuing a business-as-usual scenario. In this case, the County will not realize potential savings that are estimated from this award, and will not achieve the goals of the 2030 Sustainability Plan in the near time frame.

Recommendation: It is recommended that a contract award be made to SunShare Community with the proposed rates. This recommendation is contingent upon County Attorney's Office review and approval of this 20-year transaction considering an acceptable annual appropriation clause and other legal items contemplated in the agreement.

AGENCIES, DEPARTMENTS OR OTHER OFFICES INVOLVED:

Performance and Sustainability Office
Facility Operations

ATTACHED DOCUMENTS:

Resolution
RFP Summary Sheet

FISCAL IMPACT:

Please check if there is no fiscal impact ☐. If there is fiscal impact, please fully complete the section below.

Fund: 1, 5, 13, 15, 27, 31, 43, 44

Cost Center: 1067, 1069, 1070, 1071, 1072, 1075, 1076, 1077, 1079, 1091, 1111, 1112, 1113, 1114, 2009, 3031, 4302, 4303, 4304, 4308, 4400, 5015, 5016, 5021, 5026, 6107, 935117, 201032001210

	Object Account	Subledger	Amount
Current Budgeted Revenue:			

Additional Revenue not included in Current Budget:	
Total Revenues:	

	Object Account	Subledger	Amount
Current Budgeted Operating Expenditure:	7955		\$3,297,095
Add'l Operating Expenditure not included in Current Budget:			
Current Budgeted Capital Expenditure:			
Add'l Capital Expenditure not included in Current Budget:			
Total Expenditures:			<u>\$3,297,095</u>

New FTEs requested: ☐ YES ☒ NO

Future Amendment Needed: ☐ YES ☒ NO