

Committee Report

Business Item No. 2015-54-SW

Environment Committee

For the Metropolitan Council meeting of March 11, 2015

Subject: Approval of Agreements to Expand Solar at Blue Lake to Include Community Solar Gardens

Proposed Action

That the Metropolitan Council approves a land lease and community solar subscription agreement with Oak Leaf Energy Partners.

Summary of Committee Discussion/Questions

Staff addressed the committee to propose an increase of the solar systems to 5.25 kilowatt hours at the Blue Lake Wastewater Treatment Plant by adding up to 4 megawatts of “community solar gardens” (with over 15,000 solar panels across 20 acres of Metropolitan Council land). Of the energy generated by these solar gardens, the Metropolitan Council will subscribe for 80% (40% for Environmental Services, 40% for Metro Transit) with the remaining 20% being offered to cities and the county. Useful life expectancy of the equipment is 40 years, although the contract is 25 years. Assuming timely Xcel approval, construction is anticipated for fourth quarter of 2015. The Council will pay none of the capital cost directly, but will pay per kilowatt hour of electricity delivered. Council will also receive bill credits from Xcel for the same kilowatts delivered.

Motion to approve the proposed action was made, seconded, and passed unanimously.

Environment Committee

Meeting date: March 10, 2015

For the Metropolitan Council meeting of March 11, 2015

Subject: Approval of Agreements to Expand Solar at Blue Lake to Include Community Solar Gardens

Policy/Legal Reference: Thrive MSP 2040 (sustainability); Council Policy 1-2 Environmental Sustainability and Procedure 1-2e Community Solar Gardens; Governor Exec. Order 11-13; and MS 216B.1641 (b) (Community Solar Gardens) and 216B.1691 subd. 2f (solar energy standard)

Staff Prepared/Presented: Jason Willett, 651-602-1196

Division/Department: MCES c/o Leisa Thompson, 651-602-8101

Proposed Action

That the Metropolitan Council approves a land lease and community solar subscription agreement with Oak Leaf Energy Partners.

Background

Adding on to the previously approved 1.25 megawatt of solar, to be built spring 2015, that will provide power solely to the Blue Lake Wastewater Treatment Plant, the proposed contracts provide for the addition of up to 4 megawatt of community solar gardens to be built on buffer land west of the Blue Lake plant. Development of these community solar gardens will provide financial benefit to the Council's ratepayers as well as societal and environmental benefits.

Thrive MSP 2040 calls for the Council to take actions to further environmental sustainability beyond our own operations. In particular, *Thrive* calls for the Council to provide assistance to local governments to reduce climate impacts. Hosting Community Solar Gardens on Council owned property provides an opportunity for us to lead by example by furthering renewable energy development as well as providing this opportunity to local governments. Community Solar Gardens are facilities that generate electricity by means of solar photovoltaic devices whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription.

In this proposal the Council would act as the host site for Community Solar Gardens at the Blue Lake Wastewater Treatment Plant and be a subscriber to the solar gardens. The Council will be given the opportunity to subscribe to up to 80% of each solar garden (up to 40% for MCES and up to 40% for Metro Transit). Per Council procedure, the remaining subscription space will be offered to the host city and county and local governments served by the Blue Lake Wastewater Treatment Plant.

Rationale

While the contracts are expected to save money for Environmental Services and Transit as well as local government partners that subscribe, payments to the vendor over 25 years are substantial and require Council approval.

Funding

This is expected to reduce budgeted energy costs. The subscriptions will provide net savings to both operating divisions, because credits from Xcel Energy on the subscribed accounts are expected to well exceed the payments made to Oak Leaf.

Known Support / Opposition

Since the commencement of the Community Solar Garden program, Xcel Energy has received over 400 applications for Community Solar Gardens. At this point in time, no garden has been approved. Xcel is working to review all the applications but has raised concerns relating to the number of gardens being proposed and their ability to review and eventually connect all those systems to their transmission system.