

Transportation Committee

For the Metropolitan Council meeting of September 23, 2015

Subject: Authorization to Award, Negotiate, and Execute Power Purchase Agreements and Facility License Agreements with Solar City Corporation

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to Award, negotiate, and execute Power Purchase Agreements and Facility License Agreements with Solar City Corporation.

Summary of Committee Discussion/Questions

Robert Rimstad, Project Manager, and Pat Jones, Assistant Director Engineering and Facilities, provided a short presentation and overview of the item.

Council Member Commers commended the work being done and taking the Thrive MSP 2040 Outcomes for sustainability and running with them to make progress. He stated that this was good news for the agency.

Council Member Commers followed up with a question about the recent Public Utility Commission (PUC) ruling limiting the size of arrays to 1 megawatt (MW) and what affect this had on this project. Robert Rimstad explained that the ruling did have an effect on the Environmental Services planned Community Solar Garden (CSG) at the Empire plant that limited the size of that system from 10 MW to 5 MW since sites that met certain project requirements, were grandfathered into the program since there was not initially a limit set. This will reduce the Metro Transit 40% subscription to the Empire CSG. Pat Jones also added that each of the roof top sites are stand alone sites and do not exceed 1MW in size, so the PUC ruling does not affect the sites in this business item.

Council Member Letofsky asked how these six sites were chosen. Robert Rimstad explained that Metro Transit had been looking at our roofs for solar since 2009 when a partnership and grant with Xcel Energy was proposed, beginning with the Heywood Garage. About a year ago, when the opportunity for a Power Purchase Agreement/Facility License type of arrangement seemed financially viable, we reviewed and prioritized Metro Transit facilities. Sites were chosen based on sun exposure, roof condition, and longevity. Based on the success of this project, future sites will be considered for a second phase, including the Heywood 2 Garage and the two light rail extension operations and maintenance facilities.

Council Member Elkins asked about how this fit into the TPP work plan item on greenhouse emissions. Arlene McCarthy responded that Transportation and Community Development staff have not yet started on the TPP work plan item to study strategies for reducing greenhouse gas emissions.

Council Member Dorfman asked if we knew how the Hennepin County solar array was performing out at their Medina facility. Pat Jones responded that we didn't know the exact details about it, but it is still up and functioning and the system performance is available to view online.

Brian Lamb asked Pat Jones to talk about how the economics have improved in the past 5 years. Pat Jones responded that when we first started looking at solar in 2009, paybacks of systems were in the 50 year range. The material costs have come down

dramatically, efficiency of panels continues to improve, and systems are easier to install. This project will realize a positive cash flow in just a few years.

Council Member Munt motioned to approve the business item and Council Member Rodriguez seconded the motion. The motion was approved and the business item will move to the Council meeting as a non-consent item.

Transportation Committee

Meeting date: September 14, 2015

For the Metropolitan Council meeting of September 23, 2015

Subject: Authorization to Award, negotiate, and execute Power Purchase Agreements and Facility License Agreements with Solar City Corporation

District(s), Member(s): District 5, Steve Elkins; District 7, Gary Cunningham; District 13 Richard Kramer; District 14, Jon Commers

Policy/Legal Reference: Thrive MSP 2040 (sustainability); Council Policy 1-2 Environmental Sustainability; Governor Exec. Order 11-13;

Staff Prepared/Presented: Robert Rimstad, 612-349-7768

Division/Department: Metro Transit c/o Brian Lamb, 612-349-7510

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to Award, negotiate, and execute Power Purchase Agreements and Facility License Agreements with Solar City Corporation.

Background

Thrive MSP 2040 calls for the Council to take actions to further environmental sustainability in and beyond our own operations. By advancing renewable energy development in the region, the Council can help to reduce climate impacts relating to energy generation.

This is an opportunity for the Council to lock in an electrical rate for the next 25 years, advance clean solar energy on Metro Transit sites, generate financial benefits for our fare and tax payers, and advance solar in the region.

In this proposal, Metro Transit will host approximately 4.7 megawatts of “behind the meter” solar at six different transit facilities. These sites are the Fred T. Heywood Garage, Nicollet Garage, South Garage, Minneapolis Light Rail Operations and Maintenance Facility, Overhaul Base, and East Metro Transit Facility. The power generated will offset power consumption of the facilities on site.

Rationale

Solar City Corporation met the Request for Proposal requirements and exceeded the evaluation panel expectations by offering the highest yield of energy annually. It addressed the overall performance of the system and as well as cost. Further, demonstrated experience is seen through work accomplished in other national markets. The proposal exhibited the most competitive price per kilowatt hour (kWh) for roof mounted sites based on market rates and current utility rates. It is estimated that the net present value of energy savings is \$4.0 million dollars over 25 years.

Funding

In this proposal, the Council would pay for only the energy produced at the solar facilities. The Council will be purchasing energy directly from the developer, which will offset some of the energy the Council would otherwise purchase from Xcel Energy.

Known Support / Opposition

No known opposition