



MEMORANDUM

TO: Mayor Laurel Lunt Prussing and City Council Members
FROM: William R. Gray, Public Works Director
Scott R. Tess, Environmental Sustainability Manager
DATE: December 1, 2016
RE: WCP Solar Services Power Purchase Agreement

Introduction

At the November 28 Committee of the Whole meeting, Councilor's posed several questions regarding a means to procure a solar installation for the Arbor Division Shop.

- How would the solar power purchase agreement presented at the Committee of the Whole meeting compare to borrowing funds and making an outright purchase of a solar array?
- How would the solar power purchase agreement presented at the Committee of the Whole meeting compare to a solar power purchase agreement that sold all Renewable Energy Credits (REC) generated by the solar array to the installer?

Option 1: Power Purchase Agreement with City Retaining a Portion of the RECs

Total Cost	\$56,351.31
Net Savings	\$4,069.20

- Within a 25 year agreement, City would relinquish 5 years' worth of RECs but keep the remaining 20 years' worth of RECs
- Installer owns the solar array and enjoys the tax benefits
- City gets cost savings and reduction in our greenhouse gas inventory

Option 2: Power Purchase Agreement with City Relinquishing all RECs

Total Cost	\$29,208.90
Net Savings	\$21,402.92

- City would relinquish all RECs and agree not to make any renewable energy claims pursuant to the contract and Federal Trade Commission Rules
- Installer owns the solar array and enjoys the tax benefits
- City gets cost savings but no reduction in our greenhouse gas inventory

Option 3: Cash Purchase with City Retaining All RECs

Total Cost	\$54,000.00
Net Cost	\$15,542.54

- City would keep all RECs
- No entity would be able to take advantage of the tax benefits
- City gets increased costs but reduction in greenhouse gas inventory

Option 4: Cash Purchase with City Relinquishing all RECs

Total Cost	\$54,000.00
Net Savings	\$29,144.57

- City would sell all RECs and agree not to make any renewable energy claims pursuant to the contract and Federal Trade Commission Rules
- No entity would be able to take advantage of the tax benefits
- City gets cost savings but no reduction in greenhouse gas inventory

Summary

	PPA	Purchase
Keep RECs	\$4,069.20 Savings	\$15,542.54 Cost
Sell RECs	\$21,402.92 Savings	\$29,144.57 Savings

Recommendation

It is recommended that AN ORDINANCE APPROVING A POWER PURCHASE AGREEMENT WITH WCP SOLAR SERVICES, LLC be approved. The substance of this ordinance is listed as Option 1 in this memo.