

The background features abstract, overlapping green geometric shapes in various shades of green, creating a modern and dynamic feel. The shapes are primarily located on the left and right sides of the slide, framing the central text.

City of Northfield Community Solar Garden Subscription

July 11, 2017

Competitive Comparison

- ▶ Compared 3 developers that currently have permitted projects in Rice County or an adjacent county
 - ▶ Innovative Power Systems
 - ▶ ReneSola
 - ▶ MN Community Solar/Novel Energy Solutions
- ▶ Also discussed opportunities with Cooperative Energy Futures
 - ▶ Cooperative based developer of Community Solar Gardens
 - ▶ Interested in the City of Northfield being a back-up subscriber to support it's focus on providing solar opportunities to low income residents

Competitive Comparison

- ▶ There are 2 types of programs, fixed and floating rate options
 - ▶ A fixed rate option is set at a current discount to Xcel's rate and then escalates
 - ▶ A floating rate option is set at a current discount and moves with Xcel's rate
- ▶ Initial proposals received showed ranges
 - ▶ Discounts ranged from \$0.0055 to \$0.015 (initial discount of 4% to 12%)
 - ▶ Escalation factors ranged 0% to 2%

Anticipated Xcel Rate Environment

- ▶ It is not possible to predict future rate changes for Xcel
 - ▶ Xcel's average increase over last 15 years has been 3.3%
 - ▶ Minnesota utility regulators in May approved a landmark four-year deal for Xcel Energy that raises residential rates by 10.6% (however, a big chunk is already in place)
 - ▶ Xcel's overall rate increase - including business and government customers - is 8.3% as approved by the PUC. Rates for most commercial and industrial customers will rise 6.9% over four years, while street lighting rates will climb 13.1%
 - ▶ 2017 rate increases 5.7%
 - ▶ 2018 rate increase projected at 1.7%

Potential New Technologies

- ▶ Hard to predict new technologies
 - ▶ Supporting this solar technology now will help strengthen the solar industry and it's development of new technology

Risks in a Community Solar Subscription

- ▶ Potential to pay higher price for solar if utility prices fall below the community solar subscription price
- ▶ 25 year term and emergence of new technologies
- ▶ Termination fees apply if terminate prior to 25 year term
 - ▶ Subscription could be transferred to another eligible subscriber - \$5,000 fee applies
 - ▶ Example 10 year early termination fee of \$1,643,458 shall be returned at \$1,486,211 if the subscription is filled within 1 year after termination (Net cost of \$157,247)
- ▶ Long term viability of the provider could disrupt the program
 - ▶ Buy-out
 - ▶ Default

Recommendation

- ▶ Potential savings do not drive this decision. A subscription supports the environment without a big asset investment or maintenance commitment
 - ▶ However, the potential savings and risks associated with each subscription require additional analysis
 - ▶ Also, amount of energy use to subscribe also needs further staff review
 - ▶ Also, geographical location of the gardens and location of City power locations (Rice County & Dakota County) are complicating factors in evaluating opportunities and risk and warrants further staff review
- ▶ Based on the range of information received this week, we are requesting more time to review Community Solar Garden options:
 - ▶ Option A: Seek Request for Proposals - August 8 Council authorize September approve.
 - ▶ Note: Timing may be an issue for MN Community Solar/Novel Energy Solutions to be able to participate. This is currently under review.
 - ▶ Option B: Clarify city proposal requirements and evaluation criteria and initiate an accelerated timeline for submission or re-submission of proposals.
 - ▶ Note: Timeline not currently set but potentially actions on July 18, August 8 or August 22