

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