



City of Blaine Anoka County, Minnesota

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

Legislation Text

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WORKSHOP ITEM *Jon Haukaas, Director of Public Works*

ROOFTOP SOLAR PURCHASE POWER AGREEMENT

Staff was approached by Sun Source Energy about options for a rooftop solar Purchase Power Agreement (PPA) that would reduce the City's energy costs at the City Hall and Public Works building by allowing the installation of solar panels on our rooftops and receiving a portion of the energy produced at a reduced cost. The business model utilizes a 3rd party investor, IPS Solar, which would install and manage the equipment at no cost to the city.

The way it works is that IPS Solar would install panels on our buildings and provide us with a base load of the power produced at a savings compared to our current costs. For example, if we are currently paying \$0.08/kWh, then they would provide the equivalent amount of power at \$0.07/kWh. The agreement would run for a period of 20 years with a fixed price savings. At the end of the agreement, the City can extend the agreement with new equipment, we can take over the solar array and continue to use it to the end of its life as an even greater energy savings, or we can ask them to remove the equipment and go our separate ways. The PPA Cost Example attachment shows what savings could be achieved. The specifics of the agreement would need to be worked out dependent on our energy needs and the size of the array installed.

A major driver for the timing on this is solar energy credits that will be reduced at the end of 2019. The credit is 30% for systems installed by the end of the year and reduces to 26% in 2020. This agreement works financially at the 2019 levels but not at the 2020 levels. An agreement would need to be finalized by September to meet the program requirements.

Sun Solar is trying to aggregate a number of large rooftop owners in the area to maximize the efficiency of the program. Other property owners they have been in contact with include the National Sports Center and several industrial properties nearby.

Staff has talked to Connexus Energy to confirm that there are no other companies currently trying to develop these Purchase Power Agreements within the territory that may be able to provide a competitive product.

Staff is looking for feedback from the City Council to see the level of interest in entering into a Purchase Power Agreement managed by Sun Solar Energy and operated by IPS Solar.