

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION**

Date: November 17, 2011

SUBJECT: APS Revised Solar Credit Purchase Agreements and APS Interconnection Agreement for Solar Renewable Energy, CIP # F335

SUBMITTING DEPARTMENT: Town Management

PREPARED BY: Kim Moon, Capital Projects Coordinator, for Larry Tarkowski, Town Manager, and Ruth Mayday, Planner, for Richard Parker, Community Development Director

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: a.) APS **Revised** Solar Renewable Energy Credit Purchase Agreements #17560, 17592, 17593, & 17594 b.) APS Master Agreement for the Interconnection of Generating Facilities to the APS Distribution System # 11-COM-0009, with associated Interconnection Schedules, #17560, 17592, 17593, & 17594

SUMMARY BACKGROUND: The Master Solar Power Agreement with Smart Energy Capital (SEC) was finalized and approved in June. Over the past few months, SEC and Wilson Electric have been working on coordination, design, APS review/approval, financing, and ordering equipment for the Solar Panels to be located at the Wastewater Treatment Plant and the Tank Farm. The solar plans for both sites are currently under review for permitting. Site grading, foundations to support the rows of panels, and preliminary electrical work is scheduled for November and December. The Solar panels were shipped from Japan and are scheduled to arrive on site in early December. Smart Energy Capital, and their partners, Duke Energy and Integrys are investing about \$9.5 million in our community.

The Master Solar Power Agreement provides for SEC to finance, build, own, operate, and maintain four solar panel systems at two town-owned sites, the Wastewater Treatment Plant, and the Tank Farm. The Wastewater Treatment Plant and the water boosters at the Tank Farm are some of the Town's largest power users that have land available for solar panels. SEC will provide solar power to the Town of Prescott Valley for 25 years. The solar power generated will supplement the power usage at two electric meters at the Tank Farm and two electric meters at the Wastewater Treatment Plant. As established in the Master Solar Power Services Agreement, the price for the solar photovoltaic power is less than the power we currently purchase from APS. The Town can use this solar power not only to supplement usage per kilowatt hour, but also to reduce the peak of power use during the day.

Earlier this year, Prescott Valley was fortunate to receive approval on all four incentives applications from APS to help with funding of these solar installations at 8.88¢ per kWh, in return for Renewable Energy Credits (RECs). These incentives, combined with tax credits that can only be utilized by commercial firms, make solar power affordable. Competition for APS incentives is becoming increasingly aggressive. APS is no longer approving incentives in that amount. Incentives that are currently being approved by APS are in the range of about 6.9¢ per kWh or less.

Changes were made to the design since APS Solar Renewable Energy Credit Purchase Agreements were approved in April. The changes include switching to a different solar panel by a different manufacturer. This changes the size of the panels, number of panels, and efficiencies. These panels are some of the most efficient panels available in the commercial market. Due to these changes, APS requires revised

agreements. The previously approved incentive, in the amount of 8.88¢ per kWh, remains unchanged. The four Revised APS Solar Renewable Energy Credit Purchase Agreements are attached for your consideration.

Also, as construction is underway, it is time for the APS Master Interconnection Agreement, so that the panels can be connected to their power grid. The APS Master Interconnection Agreement and associated four interconnect schedules (one for each meter) are also attached for your consideration.

This action is for approval of four Revised APS Solar Renewable Energy Credit Purchase Agreements (due to change in design/equipment) and also for approval of the APS Master Interconnection Agreement and associated four Interconnect Schedules, so the solar panel systems can be connected to the APS grid.

OPTION ANALYSIS: The Council may vote to:

- 1.) approve the four Revised APS Solar Renewable Energy Credit Purchase Agreements, **AND** the APS Master Interconnection Agreement with four associated Interconnect Schedules, **OR**
- 2.) not approve the Agreements, **AND/OR**
- 3.) direct staff to pursue other options.

ACTION OPTION: Motion to approve the four Revised APS Solar Renewable Energy Credit Purchase Agreements as required by APS due to changes in solar panels equipment, **AND** to approve the APS Master Interconnection Agreement with four associated Interconnection Schedules, to connect the solar panels to the APS grid, **OR** not approve the agreements. **VOTE.**

RECOMMENDATION: Staff recommends approval of the four Revised APS Solar REC Purchase Agreements and approval of the APS Master Interconnection Agreement with four associated Interconnection Schedules.

FISCAL ANALYSIS: There is no capital costs associated with this RFCA or this project. This project results in providing solar power cheaper than electrical power currently purchased from APS.

REVIEWED BY:

Management Services Director _____ Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____