



Legislation Text

File #: 1437-2010, Version: 1

Background: This ordinance authorizes the Finance and Management Director to enter into a solar power purchase agreement (SPPA) with Tipping Point Energy for the Fleet Maintenance Facility, 4211 Groves Road. A SPPA is an agreement whereby Tipping Point Energy will own, operate and maintain a photovoltaic (PV) system on the roof of 4211 Groves Road. The City, in return, will agree to provide Tipping Point Energy a license agreement on the roof and to purchase the electricity produced by the system. This agreement will allow the City to have the benefit of clean energy without the upfront costs of purchasing and installing the system, or the long-term costs of maintaining the system. Tipping Point Energy, as a private entity, is also able to take advantage of substantial tax breaks currently being offered in 2010 by the United States government and the State of Ohio, and Renewable Energy Credits that can be sold on the market.

Tipping Point Energy will install a 531.3 kW system. (The final size of the system could potentially be slightly more or less dependent upon further investigation and negotiation with the City). This would be the largest non-utility owned roof-top solar array in six states. It is estimated that it will provide up to one-third of the Fleet Maintenance facility's electricity needs. Based on negotiations, the City will agree to a twenty-year term with a starting price of six cents per kilowatt hour, to be escalated by 3% annually. Based upon current building electricity usage, it is estimated that the City will be purchasing between \$30,000 to \$60,000 of electricity per year from Tipping Point Energy. In no case will the City negotiate a price that increases total electricity costs. The City will ensure that the contract does not pay more to Tipping Point Energy for the power produced than it would have paid if the same power had been purchased from the regulated utility.

This power purchase agreement demonstrates the City's commitment to reducing its own carbon footprint as well as committing to be a leader in the growth of the solar industry, especially in central Ohio.

Requests for Statements of Qualifications were available on June 9, 2010, and submitted on June 30, 2010. The City received six proposals (1 MBE*, 0 FBE): SolarVision LLC; Velocity Construction Services*, Tipping Point, Third Sun & Wind Power Ltd./Nextgen Builders LLC; Teynor Development Corp; and Hull & Associates, Inc. A three person committee evaluated the proposals, including one member each from the Office of Construction, the Finance and Management Director's Office, and the Mayor's Office.

Previously, Ordinance 1117-2010, passed July 19, 2010, authorized the Finance and Management Director to enter into a ten-year Solar Power Purchase Agreement with SolarVision LLC. During subsequent negotiations, SolarVision informed us that the ten-year agreement proposed in its Statement of Qualifications was unworkable. Therefore, the City entered negotiations with Tipping Point Energy, the second ranked firm while simultaneously attempting to reach terms with SolarVision LLC. Both firms proposed twenty-year terms. Tipping Point Energy's proposal was for a larger array at an overall lower rate. Its proposal started at 6 cents per kilowatt hour with a 3% escalator per year. SolarVision LLC's proposal started at 5 cents per kilowatt hour with a 5% escalator per year, with a unknown reset rate in year eleven with a 5% annual escalator from that rate in years twelve through twenty. The average kilowatt hour rate for Tipping Point's proposal over the course of the agreement will be 8.06 cents. The average kilowatt hour rate for SolarVision LLC's proposal is unknown but is estimated to be between 8.22 cents and 8.27 cents. Because of the price difference and a larger carbon offset, it is the recommendation of the evaluation committee and the Finance and Management Department to enter into contract with Tipping Point Energy.

This ordinance also repeals Ordinance 1117-2010.

Emergency action is requested so that Tipping Point Energy will be able to take advantage of tax credits that are currently set to expire December 31, 2010, thereby ensuring the project will come to fruition.

Fiscal Impact: The City will incur no upfront costs for the design and installation of the solar photovoltaic system at 4211 Groves Road. The estimated costs for solar electricity per year are \$30,000 to \$60,000, depending on the size of the final system. However, this cost will be offset by savings incurred with the regulated utility. In future years, City Council will be asked to provide expenditure authority per legislation as needed.

Tipping Point Energy 26-4833872, expiration date 07/13/2012.

To authorize the Finance and Management Director to enter into a twenty-year solar power purchase agreement with Tipping Point Energy for the roof of the Fleet Maintenance Facility, 4211 Groves Road; to repeal ordinance 1117-2010; and to declare an emergency. (\$0.00)

WHEREAS, the Finance and Management Department, Office of Construction Management, desires to enter into a solar power purchase agreement for the Fleet Maintenance facility at 4211 Groves Road; and

WHEREAS, the Finance and Management Department advertised Requests for Statement of Qualifications (RFSQ) on June 9, 2010; and

WHEREAS, the City of Columbus desires to be a leader in clean energy usage among institutions in central Ohio and large cities throughout the country; and

WHEREAS, the purchase of solar power demonstrates said commitment while reducing the City's carbon footprint; and

WHEREAS, a three person evaluation committee recommended SolarVision LLC as the most qualified firm; and

WHEREAS, the City was unable to negotiate a satisfactory agreement with the highest ranked firm; and

WHEREAS, it is the recommendation of the evaluation team and the Finance and Management Director to enter into contract with Tipping Point Energy for a solar power purchase agreement at 4211 Groves Road; and

WHEREAS, an emergency exists in the usual daily operation of the Finance and Management Department, Office of Construction Management, in that it is immediately necessary to authorize the Finance and Management Director to contract with Tipping Point Energy for a solar power purchase agreement in order for Tipping Point Energy to be eligible for large tax breaks that expire on December 31, 2010, thereby ensuring that the City will be able to bring this project to fruition, now, therefore:

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Finance and Management Director is hereby authorized to contract with Tipping Point Energy for a twenty-year solar power purchase agreement on the roof of the Fleet Maintenance Facility at 4211 Groves Road.

SECTION 2. That Ordinance 1117-2010, passed July 19, 2010, is hereby repealed.

SECTION 3. That for reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves or vetoes the same.