



Legislation Text

File #: 2393-2012, **Version:** 1

Background: This ordinance authorizes the Finance and Management Director to amend a solar power purchase and license agreement (PPA) with Tipping Point Renewable Energy, Inc. for the Fleet Maintenance Groves Road Facility (4211 Groves Road Columbus OH 43232). Specifically, amendments to the contract will allow the extension of the current commercial operation date from January 1, 2013 to July 1, 2013 and will authorize consent of an assignment of the PPA to a holding company named Tipping Point Energy COC PPA SPE-1, LLC (or "SPE") that was established by Tipping Point Renewable Energy, Inc. to hold all assets related to the project.

A PPA is an agreement whereby SPE will own, operate and maintain a photovoltaic (PV) system on the roof of 4211 Groves Road. The City, in return, will agree to provide 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. This PPA demonstrates the City's commitment to reducing its carbon footprint as well as committing to be a leader in the growth of the solar industry, especially in central Ohio.

The project has experienced two external challenges, which have caused delays therefore requiring an extension to the commercial operation date from January 1, 2013 to July 1, 2013. The first such delay is the result of the current market for securing funding for solar projects, which has proven difficult. The value of Solar Renewable Energy Credits (SRECs) has dropped dramatically over the past several months, due to several very large utility projects in Ohio. This precipitous drop in SREC value adversely affects the financial returns available to investors and has therefore made it challenging for Tipping Point to keep the original investor commitments.

The second challenge was a recent announcement from AEP Ohio (on April 25, 2012) that changed its policy for allowing interconnection of distributed generation projects with the AEP grid. This change required changes in Tipping Point's plans to connect the solar system to our electric service and added additional costs to the system. AEP recently reversed that decision, but it caused Tipping Point significant delays in terms of understanding the change, designing the system, and financing the additions.

Emergency action is requested so that material orders can be placed as soon as possible and the contractor can begin the installation of the solar array in advance of winter weather so the City can begin to reduce its carbon footprint.

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, Contract Compliance #26-4833872, expiration date 07/13/2012.

Tipping Point COC PPA SPE-1, LLC, Contract Compliance #45-2993623, expiration date 10/25/2014.

To authorize the Finance and Management Director to amend a contract with Tipping Point Renewable Energy for the installation of a solar roof and an associated purchase power agreement for the Fleet Maintenance Groves Road Facility by assigning rights to another party, Tipping Point Energy COC PPA SPE-1, LLC, and extending the deadline for the completion of the system; and to declare an emergency.

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, the Finance and Management Department was previously authorized via ordinance 1437-2010, passed October 18, 2010, to enter into a solar power purchase and license agreement for the Fleet Maintenance facility at 4211 Groves Road; and

WHEREAS, amendments to the contract will allow the extension of the current completion date from January 1, 2013 to July 1, 2013 and will authorize consent of an assignment of the Solar Power Purchase and License Agreement (PPA) to a holding company named Tipping Point Energy COC PPA SPE-1, LLC that was established specifically to hold all assets related to the project; 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 amend a contract with Tipping Point Renewable Energy, Inc. for a solar power purchase and license agreement so that material orders can be placed as soon as possible and the contractor can begin the installation of the solar array in advance of winter weather for the immediate preservation of the public health, peace, property, safety and welfare; 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 amend a contract with Tipping Point Renewable Energy Inc. to authorize consent of an assignment of Tipping Point's rights to another entity named Tipping Point Energy COC PPA SPE-1, LLC, and to extend the deadline for the completion of the system.

SECTION 2. 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.