

Douglas County School District Solar Photovoltaic Project

*Presented to the
Board of Education
Tuesday, August 17, 2010*

Connections to DCSD

- Policy: ECF (Energy Policy)
“The energy program will focus on limiting expenditures for utilities thus allowing more effective use of the District’s financial resources”
- DCSD Mission Statement
“The vision of the Douglas County School District is to help students acquire the knowledge and abilities to be responsible citizens who contribute to our society”

Connections to the Community

- Saving Tax Dollars
- Environmental Leadership
- Public Education Opportunities

Introduction and Background

- In 2004 Colorado voters passed Amendment 37 which established, among other things, a minimum renewable energy portfolio requirement for the State's regulated electricity providers.
- The legislation also provided the financial provisions to stimulate and support this program.
- The combination of the rebate, renewable energy credits (RECs) and tax treatments have surmounted the financial barriers to solar implementations.

Solar Program for Douglas County Schools

- The DCSD recognized the broad benefits of solar-electric generation and seized the opportunity as a community leader and public educator to advance these goals.
- A critical financial component in the solar projects is an appetite for the substantial renewable energy tax treatments (Federal ITC and accelerated depreciation).
- As a tax exempt entity, the DCSD developed a plan to participate with a partner who could utilize the tax benefits.

The Request For Proposals

- 31 DCSD Facilities (All in the Xcel Energy Service Area)
- 3.1 Megawatts (MW) Total (100 Kilowatts (KW) / School)
- Guaranteed Electrical Output
- 25 Year Term
- 9-12 Month Installation Schedule
- Vendor to Provide:
 - All Financing All Construction All Operations
 - All Maintenance All Repair All Management
 - All Insurances All Warranties All Ownership
- Rooftop Installations
 - Shea Stadium will be a ground mounted carport

What is a Purchase Power Agreement (PPA)?

- A PPA is a contract between an electricity generator (provider) and a power purchaser (host) – in this case, DCSD.
- Such agreements play a key role in the financing of independently owned (not owned by the utility) electricity generating assets
- PPA providers can enable schools to benefit from predictable renewable energy

The Request for Proposals

The Process

- The RFP was developed as an open competitive process, and 11 proposals were submitted
- The RFP was offered as three separate 1 MW bids
- All proposals were tabulated and the top three candidates were contacted.
- The top two proposers were interviewed by staff
- Premier Power Renewable Energy and its financial partner, REgeneration Finance, were the low responsive proposers and were recommended for award of the total 3 MW project.

Benefits - Financial

- The 3 MW Solar Arrays will generate 108 million Kilowatt Hours (KWh) over a 25 year lifespan which the District will buy at a reduced rate
- The initial cost per KWh will be \$0.0350. Xcel = \$0.0424
- The annual escalator will be fixed 2.5%. Xcel = 6 to 7%+
- \$5.5 Million in savings to the District over the 25 year life of the project
- Provides budgetary certainty for a portion of the District's annual electric budget
- Solid hedge against inflation and energy rate escalation
- The output is financially guaranteed

Benefits - Tax

- The provider, is able to benefit from tax incentives/rebates, and will leverage the following:
- \$6 million in renewable energy rebates
- \$5 million in Federal Investment Tax Credits (ITC)
- Nearly \$3 million in depreciation (MACRS)
- Nearly \$5 million in Renewable Energy Credits (RECs)

Benefits - Environmental

- Air pollution reduction of 80,000 metric tons of CO₂
 - Equivalent to emissions of 12,500 cars
 - Equivalent to Carbon sequestration of nearly 2 million trees
- Water consumption reduction of over 27,000,000 gallons
- Equal to annual electricity consumption of 9,500 homes
- Distributed generation supports the electric grid by making it safer and more robust
- Conserves natural resources – 85 million pounds of coal
- Education for the classroom
- Education for the public
- Environmental leadership by example

Project Costs

What Does the District Pay?

- Capital Costs: None
- Operations Costs: None
- Maintenance Costs: None
- Repair Costs: None
- Insurance Costs: None
- Financing Costs: None
- Ownership Costs: None
- Energy Costs: Less than current Xcel tariffs

- Thank you for your attention
- Staff recommends that the PPA contract be awarded to Premier Power Renewable Energy, Inc. and REgeneration Finance LLC.
- Questions?