

City of Scottsbluff, Nebraska

Monday, February 1, 2016

Regular Meeting

Item Reports2

Council to consider a letter of intent with Nebraska Public Power District for the Solar Project and authorize the Mayor to sign the acceptance letter.

Staff Contact: Nathan Johnson, Assistant City Manager



Nebraska Public Power District

"Always there when you need us"

Timothy J. Arlt
General Manager Retail
(402) 563-5812
Email: tjarit@nppd.com

January 22, 2016

Randy Meininger, Mayor
City of Scottsbluff
2525 Circle Drive
Scottsbluff, NE 69361-2495

Subject: Letter of Intent (LOI) for Scottsbluff Community Solar Project

Nebraska Public Power District ("NPPD") and the City of Scottsbluff, Nebraska ("City"), each sometimes hereinafter referred to singularly as "Party" and collectively as "Parties," are pursuing a community solar project to be located within the City of Scottsbluff. The purpose of this LOI is to document the understanding of the Parties as it relates to the community solar project and the agreements necessary to formalize the arrangements between the Parties.

Notwithstanding the exit provisions listed below, it is the intent of the Parties to move forward with the community solar project in the absence of either (i) the Nebraska State Legislature adopting "renewable" incentives through LB 423 or (ii) the developer being awarded a United States Department of Agriculture (USDA) Rural Energy for America Program (REAP) Grant, either of which may be applicable to the project and lower project costs.

General

It is the Parties' understanding and intent that:

- NPPD has solicited bids through a request for proposals (RFP) for potential developers of a photovoltaic power station not to exceed 100kW AC, to be located within the City (the "Project").
- The project will be sited in the proximity of 515 1st Avenue, Scottsbluff, Nebraska where it can be connected with the electric distribution system. The exact location of the Project is yet to be determined by the Parties and key factors to be considered for the siting will be visibility, interconnection access, property constraints, and cost. NPPD will cooperate with the City and the developer to accomplish the siting in accordance with these objectives.
- NPPD will provide for interconnection of the Project to the electric distribution system at no cost to the City or developer.

Columbus General Office
1414 15th Street / P.O. Box 499 / Columbus, NE 68602-0499
Telephone: (402) 564-8561 / Fax: (402) 563-5551

- NPPD will purchase the entire output of the Project pursuant to the terms and conditions of a Power Purchase Agreement ("PPA") between NPPD and the developer chosen through the RFP process.
- City and NPPD will work together to market the Project with the intent of getting the Project fully subscribed by end-use customers. In the absence of getting the Project fully subscribed, the City will assign any unsubscribed amounts of the Project to City accounts.
- The City will enter into a "make-whole agreement" with NPPD at a later date, when the agreement is developed.

Agreements

The Parties understand that certain agreements and/or documentation will be required to facilitate the arrangements between the Parties as they relate to the Project, namely:

- Any documents related to the acquisition of real estate by the City for the Project.
- PPA between NPPD and developer for the entire output of the Project.
- The developer will complete and submit a Generator Interconnection Agreement and associated K-450 application to NPPD. This is required to interconnect into NPPD's system and is an agreement between developer and NPPD.
- Make-whole agreement between City and NPPD. The make-whole agreement is necessary to mitigate cost shifts to other NPPD customers or communities. The make-whole agreement conveys that in the event the PPA price in any given month exceeds/is less than NPPD's cost avoidance for the Scottsbluff billing district, the City or NPPD, as applicable, will "make whole" the other Party the difference between the PPA price and the avoidance. NPPD has prepared an estimated 20 year annual cost/benefit analysis (below) based on inputs from the RFP process.

Estimated Annual cost or (benefit)	year	2017	2021	2026	2031	2036
w/only Federal ITC - GFPS avoided cost		\$ 2,949.66	\$ 3,389.88	\$ 4,008.42	\$ 4,711.49	\$ 5,509.41
w/ State Credits - GFPS avoided cost		\$ (364.56)	\$ (195.78)	\$ 51.98	\$ 345.94	\$ 692.44
w/ REAP Grant - GFPS avoided cost		\$ (364.56)	\$ (195.78)	\$ 51.98	\$ 345.94	\$ 692.44
w/ REAP & State Credits - GFPS avoided cost		\$ (2,850.23)	\$ (2,885.03)	\$ (2,915.34)	\$ (2,928.22)	\$ (2,920.28)

If the City or NPPD is signatory one or more of the agreements described, any such agreement shall be subject to final approval by the respective governing body or bodies (City Council and Board of Directors) of the signatory Party.

Exit Provisions

- The City will have the discretionary right not to move forward with this Project in the event that the Nebraska State Legislature fails to adopt "renewable" energy incentives through LB 423.
- The City will have the discretionary right not to move forward with this Project in the event the developer fails to be awarded a USDA REAP Grant for the Project.

- The City shall have the discretionary right not to move forward with this Project in the event there is no Developer to complete and submit a Generator Interconnection Agreement and associated K-450 Application by January 1, 2017.
- The City shall have the discretionary right not to move forward with this Project in the event the purchase price for the real estate to be purchased by the City exceeds \$20,000.00 or NPPD does not agree to repurchase the real estate from the City following the decommission date.

If this LOI is acceptable, please so indicate by signing each original in the space provided, return one original to me and retain the other original for your files.

Sincerely,



Timothy J. Art
General Manager of Retail

ACCEPTED:

City of Scottsbluff, Nebraska

By: _____
Printed Name: Randy Meininger
Title: Mayor, Scottsbluff, Nebraska
Date: _____