



**Minutes of the Special City Council Meeting**  
 Held on Monday, July 30, 2012  
 7:00 p.m.

**Special City Council Meeting – 7:00 p.m. – Council Chambers**  
 Purpose: to discuss and consider an interconnection agreement with Oberlin Spear Point Solar One, LLC and Oberlin College.

**1. COUNCIL BUSINESS**

(a) Call Special City Council Meeting to Order and Roll Call – 7:00 p.m.

A Special meeting of the Oberlin City Council was held on July 30, 2012 in the Council Chambers of the Oberlin City Hall, located at 85 S. Main Street Oberlin, Ohio. The meeting was called to order at 7:00 p.m., by Presiding Officer Ronnie Rimbart. Roll Call was taken as follows:

<b>Council Members:</b>	Present	Absent
Charles Peterson	<input type="checkbox"/>	<input type="checkbox"/>
Bryan Burgess	<input type="checkbox"/>	<input type="checkbox"/>
Sharon Soucy	<input type="checkbox"/>	<input type="checkbox"/>
Elizabeth Meadows	<input type="checkbox"/>	<input type="checkbox"/>
Scott Broadwell	<input type="checkbox"/>	<input type="checkbox"/>
Aaron Mucciolo	<input type="checkbox"/>	<input type="checkbox"/>
Ronnie Rimbart	<input type="checkbox"/>	<input type="checkbox"/>

**Appointees:**

Belinda Anderson, Clerk of Council	<input type="checkbox"/>	<input type="checkbox"/>
Eric Severs, Law Director	<input type="checkbox"/>	<input type="checkbox"/>
Eric Norenberg, City Manager	<input type="checkbox"/>	<input type="checkbox"/>
Sal Talarico, Finance Director	<input type="checkbox"/>	<input type="checkbox"/>

**Others Present:**

Steve Dupee, Electric Director	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Baumann, Public Works Director	<input type="checkbox"/>	<input type="checkbox"/>

**2. NEW BUSINESS:**

(A). ORDINANCE No. 12-56 AC CMS: An Ordinance Approving an Interconnection Agreement with Oberlin Spear Point Solar One, LLC and Oberlin College and Declaring an Emergency. (1<sup>st</sup>)(E)

Broadwell moved to have the ordinance read by number, title and substantive portions only, seconded by Meadows.

**Roll Call:** 7 Ayes 0 Nays Motion Carried

The Clerk read as directed.

Motion for passage on first reading was moved by Broadwell, seconded by Meadows.

City Manager Norenberg introduced the ordinance and deferred the discussion to Electric Director Steve Dupee.

Dupee provided an overview of the proposed project. He said the community had made a number of commitments to climate action. Most notably those commitments have been related to the transformation of the City's power supply portfolio from one that has been largely rooted in fossil fuel resources to one that will soon be rooted in renewable resources and carbon-neutral resources. The proposed agreement is viewed as the next transformational step for the City's power portfolio to develop, attract, and retain locally-sited renewable generation within the Oberlin community. The following points were highlighted (See attached PowerPoint Presentation):

- Brief summary of Project
- Review of various aspects of the interconnection agreement including:
  - Purpose for the agreement
  - Explanation of major terms and conditions
  - Benefits of the agreement
  - Staff's recommendation

Throughout the presentation the following questions were answered:

1. Meadows asked if this agreement would allow the College to pay the City less for the energy that they utilize. Dupee remarked that even though the College would be replacing a portion of its power supply received from the City with solar array this proposal would actually result in the College paying slightly more than they would normally pay under the current arrangement.
2. Rimbart asked if the College's 23% portion was reflected in the estimated credit on wholesale electric costs. Dupee remarked that the estimated credit on wholesale electric costs would be approximately \$76,000 over a three year period, of that amount, 23% is coming off and going to the College. The remaining 77% will go to everyone else.
3. Rimbart asked for confirmation that this arrangement would have little benefit to residential customers? Dupee concurred, further explaining the overall benefits that the City would receive for participating in the agreement. He noted this was a project that would require minimal staff involvement in the operations and maintenance of the project. At the end of the day over a three year period the City will receive in value almost \$230, 000 for an initial one time investment of \$40,000.
4. Meadows asked if the \$40,000 initial investment would be reimbursed by the College. Dupee remarked that the point that he was emphasizing is that the compensation we receive from installing capacity

value and transmission value would recover that initial \$40,000 investment and would continue as long as the agreement was intact.

5. Broadwell asked Dupee to explain what would happen if the College decided to terminate from the plan. Dupee remarked that if the College felt the credits received weren't covering their costs then they would have the ability to terminate the agreement. Termination would mean that the City would disconnect from the generation project and the only way for Oberlin College to take delivery of that power supply is to build its own electric distribution on campus. The chances of this happening will be contingent on what the College receives for an 'avoided cost' and if building its own system will last long term. In the event that the College should build its own system the City will still receive install capacity and transmission value because it is still reducing load.
6. Rimbart asked if the contributions made over the years by the Oberlin residents were taken into consideration. Dupee remarked that residents were able to benefit from the low costs associated with the project. This project provides so much install capacity and transmission value it in essence becomes one of the lowest cost peaking resources in our power portfolio. It is estimated that the credit issued back to the College would be about \$73/MWH. When you add back installed capacity and transmission value that comes back to the community the \$73/MWH now becomes \$40/MWH peaking power and that is the benefit. One of the reasons why this value is so high is because of a recent capacity auction resulting in higher capacity prices due to generation retirement announcements by First Energy. For a period we may see inflated capacity costs and it just makes more sense to have a big solar project sitting in our backyard behind our meter. Rimbart asked if it would make sense for the City to take on a solar panel project of its own. Dupee concurred and added that another reason would be the City's aging peaking portfolio. The City owns several diesel generation units throughout the State and ultimately those units will be retired due to age and more stringent EPA emission requirements. The solar project can serve as an effective replacement to those peaking units. He further noted that the City has made massive commitments to baseload generation. However, the City does not have long-term intermediate power resources or peaking power resources. In the past, the City has purchased intermediate and peaking energy from the market. This solar project reduces our exposure to purchasing market power energy.
7. Soucy asked if it was fair to say that the College's upfront costs were bearable because they didn't have to build the project. Dupee remarked that his understanding is that the College prepaid this purchase power arrangement for this supply upfront and as a result may have gotten a reduced energy rate. Soucy asked if the facility is owned by the College. Dupee remarked that it wasn't but at some point it may be. One of the reasons for the formation of the LLC was to be able to take advantage of the tax credits that the Federal government is providing the beneficiaries of this kind of project.
8. Peterson asked what the City's relationship to the earned Renewable Energy Credits would be. Dupee said the Public Utilities Commission asked the same question. The College will own all of the solar RECs that are produced by this array and in order to make the economics work for this solar project they plan on selling those solar RECs and then replacing them with non-solar RECs (like wind and hydro). The agreement requires them to replace all REC sales with REC purchases so that when the City is receiving supply onto its system every megawatt hour that's generated will include a REC, but it will be a non-solar REC. The College will retain ownership of those RECs. Peterson asked if solar RECs had greater value in the market than non-solar RECs. Dupee remarked that solar REC's had much greater value than non-solar RECs due to the State's Alternative Energy Portfolio Standard which stipulates that investor-owned utilities in the State must have a certain amount of solar in their power portfolio. Dupee said the City will be able to count this as renewable energy, it just won't be solar.
9. Rimbart asked for further clarification? Dupee remarked that what he has described is the way that the College is able to get this project built. They are taking the differential between a solar REC and a non-solar REC and using that value to buy down the capital investment of the project.

In wrapping up the presentation Dupee asked that Council approve the ordinance on first reading and further noted that the agreement was unanimously supported by the Public Utilities Commission.

10. Mucciolo asked why the recommendation was to pass this on first reading instead of on emergency. Dupee remarked that there is one outstanding issue that needs to be addressed with the College. There is an existing storm water system for the Oberlin Commons Development (Slide #4) and part of this project will be located over the top of this storm sewer. Per our easement it materially adversely impacts the City's ability to maintain that line. As a result the College has been asked to re-route that portion of the line around the project and establish a new easement. Oberlin College and City staff is working through that process at this time.
11. Soucy asked if the savings that a prospective commercial business could receive would be significant enough to motivate them to come to Oberlin. Dupee remarked that the price that we pay for landfill gas (which is a baseload resource) has a dramatic impact on the retail generation charge. By comparison this will be very small. Soucy asked if this agreement would change the profile of our portfolio at all. In other words would we now say that our solar power percentage of our portfolio increases or is this a separate deal? Dupee explained that by virtue of this agreement and the fact that Oberlin College is a retail electric customer of the City, we are able to make the claim that this solar becomes partial to the overall City's power portfolio. This project would be adding 2.7 percent of renewable energy to the City's energy portfolio. Soucy asked what percent of the City's portfolio was Solar at this time. Dupee remarked that it was very small.
12. Burgess remarked that he had mixed feelings about this project. Overall it is a good thing for the City. But what really disappoints him about the project is that it includes over \$2 million worth of photovoltaic modules that are made by a company in Spain, while there are dozens of American solar companies that would love to have this business. Even in Perrysburg, Ohio we have a homegrown solar company right here in Ohio that could have supplied the modules for this project and instead we are shipping them in from Spain. He hoped that if they (or the College) did anymore projects like this that they would really consider sourcing the materials as locally as possible and not from foreign companies.
13. Meadows asked if the situation with the easement would be resolved by the August 20<sup>th</sup> meeting. Dupee said that it should be.
14. Rimbart asked if this could go for three readings since time constraints were no longer an issue. Dupee remarked that the initial goal was to have this resolved by September 1<sup>st</sup> but if necessary they would have to push the date back. Rimbart remarked that the reason why a Special meeting was held was to get this done on emergency. Dupee remarked that in addition to the easement issue there were also some minor changes to the Interconnection Agreement from the College that the Law Director needed to review before the ordinance could be passed.
15. Soucy requested that a representative of the College be at the next meeting. Dupee remarked that a representative from the College would be present at the next meeting. The intention was to have a representative at tonight's meeting unfortunately a personal family matter had prevented them from being able to make it.

Rimbart asked that Council continue to review the information provided and address any issues and concerns with the Law Director or Mr. Dupee in the meantime.

A motion to pass the ordinance on first reading was moved by Meadows and seconded by Burgess.

**Roll Call:** 7 Ayes

0 Nays

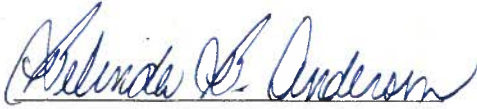
Motion Carried

(1<sup>st</sup> Reading)

**10. ADJOURNMENT:**

Being that there was no further business to come before Council the meeting adjourned at 8:10 p.m.

**Attest:**



BELINDA B. ANDERSON, CMC  
CLERK OF COUNCIL



RONNIE J. RIMBERT  
PRESIDENT OF COUNCIL

APPROVED: 08/20/2012

POSTED: 08/21/2012



**Solar PV Project  
Interconnection Agreement  
City Council Presentation  
July, 2012**



# Presentation Overview

- **Brief Summary of Project**
- **Interconnection Agreement**
  - Purpose
  - Major Terms and Conditions
- **Benefits**
- **Recommendation**

# Overview

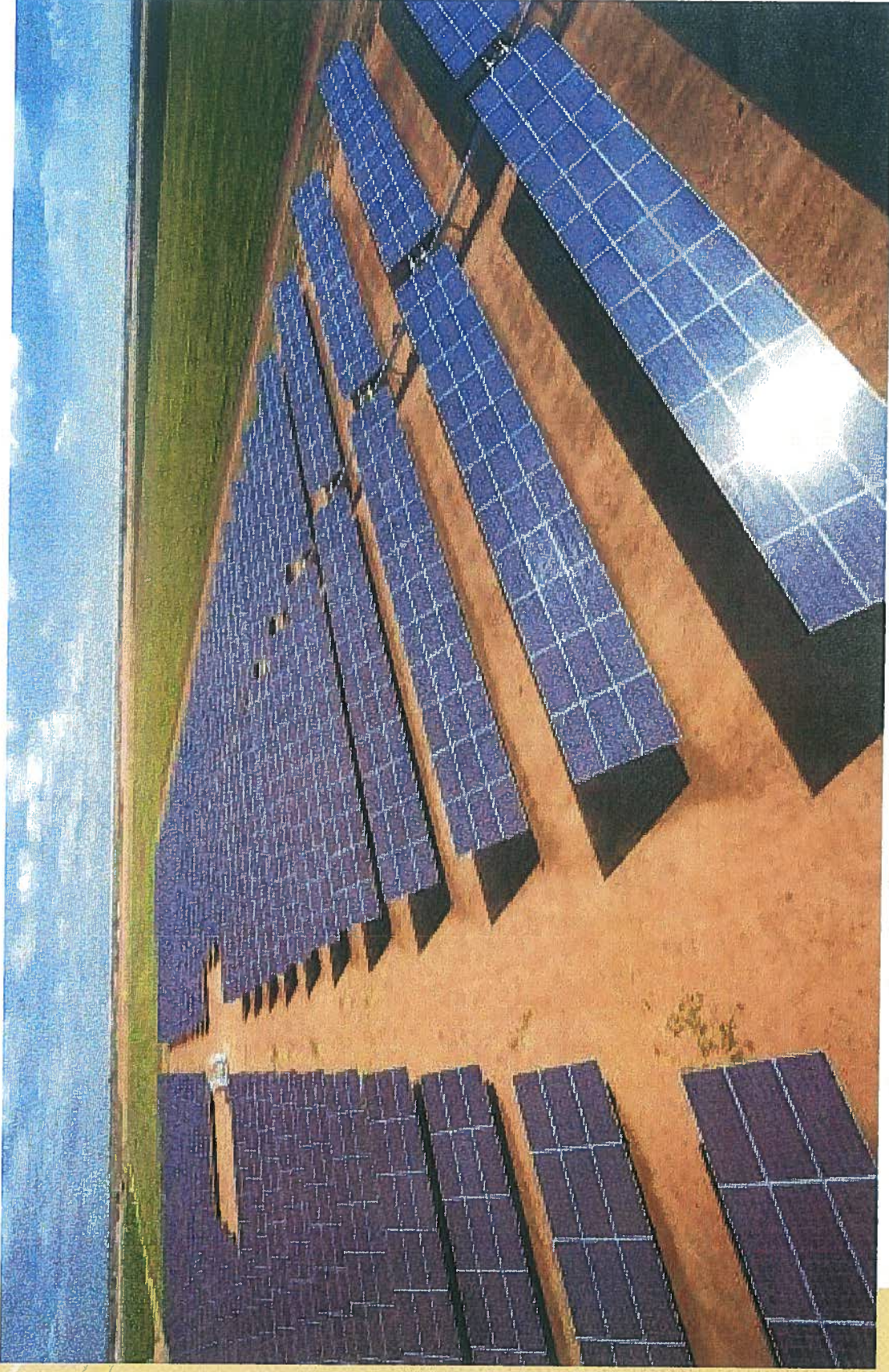
- 2.27 MW ground mounted array with single axis trackers – east to west
- Would cover approximately 11 acres
- On Oberlin College property in New Russia Township – NW corner of campus
- Est. annual production 2,800 to 3,100 mwh/yr
- Represents about 12% of college's energy requirements and 2.7% of city's energy requirements.



# Site Location



# Ground-Mount System



# Project Participants

- Oberlin College – Owns the land - currently leased for farming (corn/soybeans) - will purchase electricity generated from system
- Spear Point Energy – Aspen, CO - Project Developer
- Oberlin Spear Point Solar One, LLC (OSSO) – LLC created by Spear Point – Plans, builds, owns and operates PV System – Leases site from Oberlin College
- SPG Solar – Novato, CA - Designs, constructs and warrants PV System for OSSO
- Oberlin Municipal Light and Power – Provides interconnection for virtual delivery of pv output

# Interconnection Agreement

- Purpose
  - Defines terms and conditions under which OMLPS will permit connection of solar pv facilities to City's 12 kV electric distribution system.
  - Permits virtual delivery service of solar pv output from generation facility to OC.
  - Supports power supply contract arrangements between OSSO and Oberlin College.
  - Supports investment into locally-sited renewable generation.



# Interconnection Agreement

- Parties
  - Tri Party Agreement between OSSO, College and City
- Terms and Conditions
  - Interconnection Authorization
  - Interconnection Facility Design, Construction, Maintenance, Ownership
  - Compensation to City
  - Avoided Cost to College
  - Facility Operational Requirements
  - Site Access

# Authorization to Interconnect

- **Granted specifically to OC**
- **Term of 25 years and thereafter until terminated by either party with 12 months written notice.**
- **Predicated on OC satisfying all requirements of OMLPS's transmission provider, First Energy.**

# Interconnection Facility Design, Maintenance, Ownership

- OMLPS Designs, Constructs, Maintains and Owns Interconnection Facilities
  - 12kV riser pole
  - Metering and Communications Equipment
  - Fiber Optic Communications
  - Isolation Switch
- Cost Estimate - \$40,000
- OMLPS make best reasonable efforts to complete by September 1<sup>st</sup>.

# OBERLIN SPEAR POINT SOLAR ONE EXHIBIT E

Solar System including inverters

Transformers (CCO # 1)

AC LINE (CCO #2)

AC LINE/Sectionalizers (CCO #4) (Built / paid for by OSSO, owned by OC)

Interconnection Facilities (Maintained, owned, installed, paid for by OMLPS)

OMLPS Maintained (not owned, installed or paid for by OMLPS)

Funded, installed by and paid for by OMLPS (solid green)

OMLPS maintenance (dashed green)

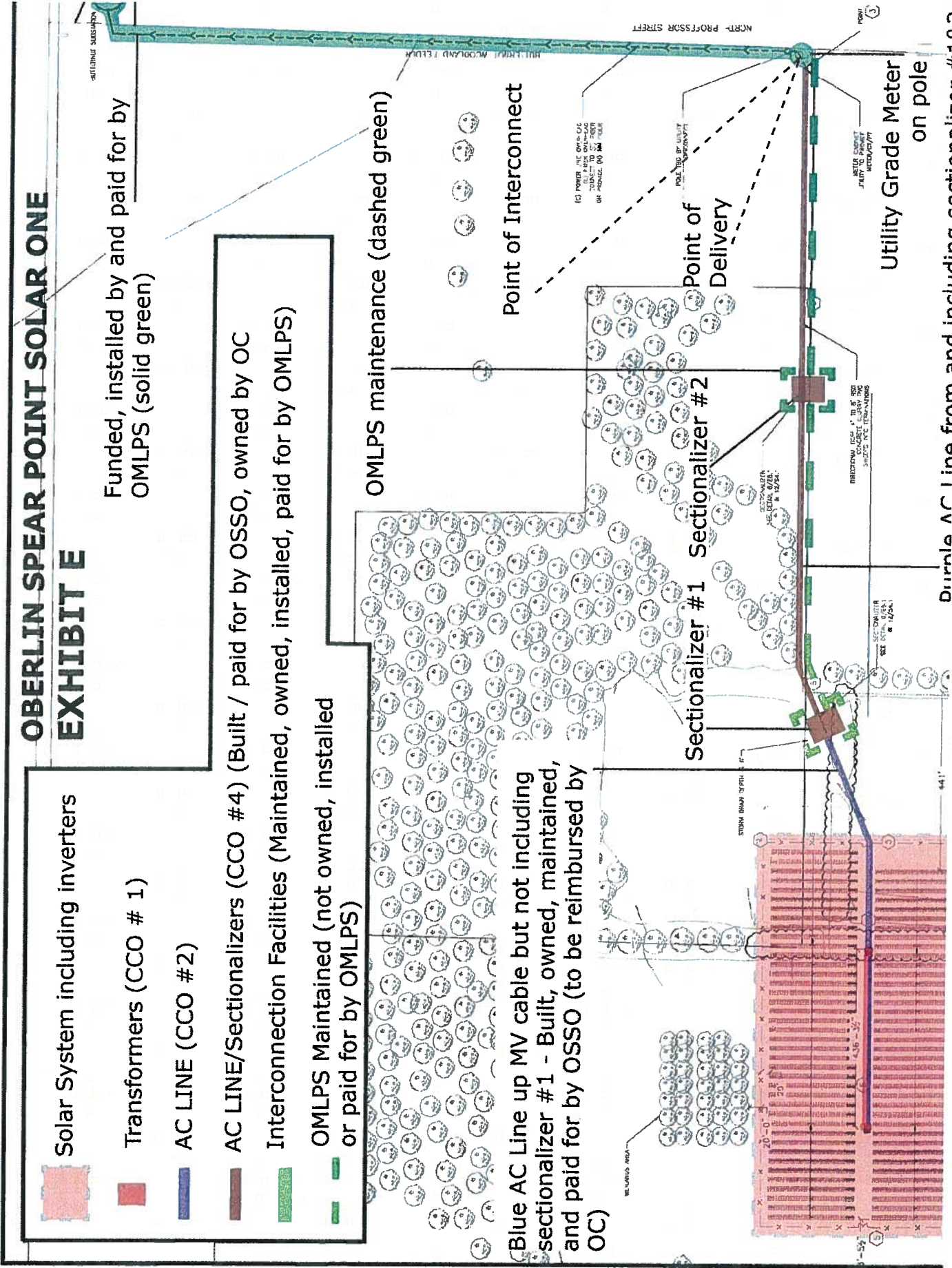
Blue AC Line up MV cable but not including sectionalizer #1 - Built, owned, maintained, and paid for by OSSO (to be reimbursed by OC)

Point of Interconnect

Sectionalizer #1  
Sectionalizer #2

Point of Delivery

Utility Grade Meter on pole





# Compensation

- OSSO and OC required to compensate OMLPS for Interconnection Facilities, providing virtual delivery service and maintaining underground AC circuit.
- Compensation for Interconnection shall include all:
  - Installed Capacity Value
  - Transmission-Shaving Value
- Compensation reduces wholesale power costs directly benefiting retail electric customers

# Installed Capacity Value

- PJM Requirement – Reliable Pricing Model (RPM)
  - Load Serving Entities must have capacity resources equal to peak load plus 15% reserve margin ( $22 + 3.3 = 25$  mw)
  - OMLPS is billed an RPM Capacity Charge based on 5 coincident peaks of PJM (typically July/August, late afternoon)
  - OMLPS receives RPM credit for physical power resources in its power portfolio
  - OMLPS receives a net RPM credit due to ownership of local power plant.

# Installed Capacity Value

- OSSO Solar Project reduces City's 5 CP
- Expected Value over next three years equal to  $2,000 \text{ kw} \times 48\% \times \$4.54 \times 12 = \$52,500$  per year.
- Credit on City's wholesale power bill
- Reduces OMLPS customer's retail electric charges.

# Transmission Value

- PJM Charge for transmission based on I Coincident Peak
- Reducing load during I CP saves transmission costs
- Behind meter resources can reduce I CP
- Expected reduction in I CP equal to  $2,000 \text{ kw} \times .48\% \times \$2.10 \times 12 = \$24,192$  per year.
- Credit on wholesale power bill
- Reduces retail generation charge for all electric customers.

# Total Annual Compensation

- Estimated credit on wholesale electric costs for next three year period is  $\$52,500 + 24,192 = \$76,692$
- Savings for typical residential customer is \$5.00 per year.
- All compensation is passed through to customers in reduced retail electric costs.



# Sale of Energy (Avoided Cost Schedule)

- Purpose
  - To credit the retail generation charge on College's utility bill for the avoided energy OMLPS did not purchase on College's behalf.
- Credit
  - Avoided Cost Credit equal to retail generation charge less the cost to operate and maintain power plant multiplied by monthly output.
- Term
  - Term of Schedule is 5 years and will be renewed for successive 5 year periods by mutual agreement.
  - Mutual Agreement can not be reached, current methodology remains in effect or College may terminate with 60 days written notice.

# Other Interconnection Agreement Terms

- Power Supply to Generator
- Cooperation of Parties (e.g. disconnection)
- Site Access

# Benefits

- Excellent peaking power replacement to fossil-fuel based market power purchases
- Future Hedge against rising RPM costs
- Behind the meter asset reduces reliance on grid
- Can displace aging peaking assets
- Supports climate commitments by City Council (e.g. Clinton Climate Positive Development, Climate Action Plan)





# Recommendation

- Authorize Execution of Interconnection Agreement
- Unanimously supported by the PUC