



City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Legislation Text

File #: 2023-1458

Solar Services Agreement with Entegrity Energy Partners

A RESOLUTION TO APPROVE A 25 YEAR SOLAR SERVICES AGREEMENT WITH ENTEGRITY ENERGY PARTNERS, LLC THAT IS ANTICIPATED TO OFFSET 6,538,454 KWH OF THE CITY'S ANNUAL ELECTRICITY CONSUMPTION FROM SOUTHWESTERN ELECTRIC POWER COMPANY AND PRODUCE AN ESTIMATED \$7 MILLION IN SAVINGS OVER THE LIFE OF THE CONTRACT

WHEREAS, the City adopted the Energy Action Plan in January of 2018 that was created to build a policy, program, and project framework that would initiate actions leading to an increasingly sustainable natural resource and energy efficient community; and

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WHEREAS, a major goal of the action plan is to achieve 100% local government clean energy by the year 2030; and

WHEREAS, in 2019, the City entered into a solar services agreement to build 5MW solar arrays with battery storage at each of the two City wastewater treatment plants; and

WHEREAS, in 2022, the City entered into an Energy Savings Performance Contract with Johnson Controls Inc. to audit city facility energy use and identify energy efficiency improvements; and

WHEREAS, the City issued a request for proposals for a new solar array development on July 9, 2023, and the City's selection committee selected Entegrity Energy Partners for the project; and

WHEREAS, Act 278 passed by the 94th General Assembly in 2023 has overhauled the net metering policy in Arkansas and the project must meet the September 30, 2024 deadline for interconnection approval from SWEPCO.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby authorizes Mayor Jordan to sign a 25 year Solar Services Agreement with Entegrity Energy Partners, LLC that is anticipated to offset 6,538,454 kWh of the City's annual electricity consumption from Southwestern Electric Power

Company and produce an estimated \$7 million in savings over the life of the contract.



MEETING OF DECEMBER 19, 2023

TO: Mayor Jordan and City Council

THRU: Chris Brown, Public Works Director
Paul Becker, Chief Financial Officer
Susan Norton, Chief of Staff

FROM: Chris McNamara, Sustainability Project Manager

DATE:

SUBJECT: Solar Services Agreement with Entegriy Energy Partners

RECOMMENDATION:

Staff recommends approval of the Solar Services Agreement with Entegriy Energy Partners. The contract initiates construction of a 3.77 MW solar array that will offset 6,538,454 kWh of the City's annual electricity consumption from Southwestern Electric Power Company and produce \$7million in savings over the 25yr contract.

BACKGROUND:

The City of Fayetteville adopted the Energy Action Plan in January of 2018. This plan was created to build a policy, program, and project framework that would initiate actions leading to an increasingly sustainable natural resource and energy efficient community. A major goal of the action plan is to achieve 100% local government clean energy by 2030.

In 2019 the City entered into a solar services agreement to build 5MW solar arrays with battery storage at each of the two City wastewater treatment plants. The combined 10MW wastewater treatment plant solar energy projects brought the City governments' clean energy consumption up from 16% to over 72% and is projected to save over \$6 million dollars during the 20-year life of the project.

In 2022 the City entered into an Energy Savings Performance Contract with Johnson Controls Inc. that audited facilities energy use and identified energy efficiency improvements. These facility improvement projects began in Fall 2022 and will result in a 27% reduction in energy consumption.

Act 278 passed by the 94th General Assembly in 2023 has overhauled the net metering policy in Arkansas. To take advantage of the current net metering with 1:1 rate structure and the grandfathering term, any renewable energy projects that are under development will have to meet the utility interconnection agreement deadline of Sept 30, 2024.

The City issued an RFP for solar array development on 7/9/2023 received three responses, interviewed two candidates and selected Entegriy Energy Partners on 9/28/2023. Since selection Entegriy has been reviewing the City's SWEPCO bills and account rate structures to design an appropriately sized solar

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array that will produce the highest savings for the City.

DISCUSSION:

The proposed Solar Services Agreement between the City of Fayetteville and Entegriy Energy Partners will establish a 25yr contract to purchase all energy produced from the solar array at an initial price of \$0.057/kWh that escalates 1% annually. A 1% annual escalation is under the average 2.5% annual cost increase for electricity purchased from SWEPCO. This 1% annual escalation will produce a balanced savings profile across the contract term. The contract can be extended two times for an additional 10 years.

Entegriy will provide periodic bill and rate review during the contract to continue to optimize the highest savings across the City's 250+ SWEPCO accounts. Electricity produced from the solar array will offset SWEPCO accounts in descending order starting with those accounts that produce highest savings first and proceed to next highest savings until all solar production is utilized.

Approval of this agreement is time sensitive as the project must meet the Sept 30, 2024 deadline for interconnection approval from SWEPCO. Swift approval by City Council will ensure that project continues to have plenty of time for development to meet the deadline. However, the City has negotiated in the contract that at any time prior to the submission of the interconnection application, the City may terminate this agreement, provided that City pay provider for any direct costs incurred as of the date of termination in connection with the development of the project. This safety measure ensures that if the deadline is not met the City can exit the agreement and cancel the project.

Solar array size is currently 3.77MW but can be changed until the design is submitted to SWEPCO. If City staff and Entegriy identify additional opportunities for savings that adjust array size then a change order will be submitted to the Mayor for approval.

The City has the option to purchase the array and take over ownership on either of the seventh (7th), fourteenth (14th), or twenty-first (21st) anniversary of the Commercial Operation Date.

BUDGET/STAFF IMPACT:

Project does not have a cost for development. The City agrees to pay a \$/kWh for all solar energy produced. These solar energy credits will be applied to City accounts with SWEPCO to offset billed consumption. Solar credits will be applied to accounts producing the most savings and proceed until all credits are used.

Before commercial operation date, Entegriy will provide a list of accounts to offset. City staff will determine which funds will pay for solar energy costs based on offset accounts.

ATTACHMENTS: SRF (#2), Solar Services Agreement_Signed (#3)

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