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Title: PRE-REGISTRATION TO FLORIDA POWER AND LIGHT'S SOLAR TOGETHER PROGRAM

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Attachments: 1. Agenda Cover Report, 2. Memo on Solar Together Program, 3. Powerpoint- SolarTogether, 4. FPL SolarTogether Pre Registration Agreement

Date	Ver.	Action By	Action	Result
1/15/2019	1	City Commission	approved	

TO: Mayor and Commissioners
FROM: Ana Puszkin-Chevlin, City Manager's Office
THROUGH: Mark R. Lauzier, City Manager
DATE: January 15, 2019

PRE-REGISTRATION TO FLORIDA POWER AND LIGHT'S SOLAR TOGETHER PROGRAM

Recommended Action:

Motion to approve the City's request to pre-register for 100% allotted subscription to Florida Power and Light's new Solar Together Program

Background:

The City of Delray Beach strives to reduce its carbon footprint as part of the sustainability and resilience goals identified in the City's Strategic Business Plan, Goal 1 and the adopted Green Task Force Report prepared in 2009. A large contributor to the City's greenhouse gas (GhG) emissions is the consumption of electrical power produced from fossil fuels. To curtail GhG, the city should transition to electrical power produced from renewal and zero emission sources such as wind and solar. However, achieving this can be challenging, as the electrical demand of our City's operations is high, easily outstripping the production capacity of solar arrays mounted on the rooftops of city facilities or ground-mounted solar panels on city property. Additionally, the challenges of identifying suitable solar panel locations, procuring solar equipment and an installer, and securing a contract for the ongoing maintenance of the system would likely hinder the ability of a municipality to execute these large projects in a cost effective and timely manner.

Florida Power and Light (FPL) has recognized the desire of institutional clients such as cities, universities and large companies, to transition to electricity derived from zero emission sources, as well as the challenges they face installing sizeable solar capacity, and thus developed a new program titled Solar Together. Solar Together is a shared-solar program whereby FPL develops new large-scale solar facilities, typically ground mount solar "farms" in rural parts of their service area, and invite

its customer-base to purchase a subscription for a fractional amount of the energy produced at that location commensurate to the users' consumption. The Solar Together program is designed to allow FPL customers to offset up to 100% of their electric demand with energy produced at a large-scale FPL solar facilities that feed the regional grid, but the panels are not located on the customers' buildings' rooftops or property. In addition to the aforementioned benefits of not having to procure, install and maintain a proprietary system, the Solar Together program allows cities to benefit from the cost savings achieved by the utility's economy of scale in developing solar, and the private utility's tax position, as they are eligible for solar tax credits. By committing to a subscription that accounts for 100% of the City's consumption, the City of Delray Beach could boast use of electricity from 100% renewal energy as quickly as the first quarter of 2020. This would substantially advance the City's ability to meet sustainability goals associated with the Paris Climate Agreement, which strives to reduced Greenhouse Gas (GhG) emissions by 80% by 2050.

FPL's Solar Together program is in the pre-registration phase through January 25, 2019, a period when it's largest customers are invited to enroll and secure their desired kilowatt subscription. The pre-registration period allows FPL to gauge demand for the program and design new solar farm facilities to meet this demand. Once the pre-registration phase is over, the ability to join will be dependent on the availability of excess capacity and will not be available until November of 2019, when FPL opens the program to smaller and residential users. At that point, it is unlikely that the City of Delray Beach could secure the 8706 Kw subscription that would equate with a 100% offset. The financial risk associated with a pre-registration commitment of a 100% allotment at this time is low, approximately \$2,000, as the pre-registration agreement allows the City to cancel its subscription any time after the first month of the program's operation. The program also allows its subscription members to change the size of their subscription annually. Should the City of Delray Beach install its own solar array, the city can reduce its subscription commitment in the future.

After the January 2019 pre-registration period, FPL will file the program for review by the Florida Public Service Commission (PSC), which is expected to approve the program by October of 2019. Should the Florida PSC alter the terms of the program substantially, the City will have a 10-day window to withdraw from the program. Once approved, the program will be open from November 1 through November 17 of 2019 for smaller customers to join. It is anticipated that the newly constructed solar energy centers will become operational in the first quarter of 2020 and the City of Delray Beach would receive its first Solar Together billing statement in March of 2020. At that time, the City will be able to boast that it will reduce approximately 15,600 metric tons of CO2 equivalents annually from the atmosphere.

Additional program details have been summarized in the attached memo, exhibit A. Exhibit B is an explanatory Power Point, including fiscal impact projections provided by FPL, and Exhibit C is the Participation Agreement.

City Attorney Review:

City Attorney approves as to form and legal sufficiency.

Funding Source/Financial Impact:

FPL was asked to illustrate the financial benefit of the program for the City of Delray Beach based on our usage and the maximum subscription to offset 100% of demand with clean energy. As noted on Attachment B, based on an annual usage of approximately 22,071,202 kilowatt hours, the city's

subscription amount to offset 100% would be 8,706 kilowatts. The fixed subscription cost for this this allotment would be \$706,231. This subscription cost remains constant throughout the duration of the program. During the first four years of the program, the subscription rate is higher than the subscription credit for the solar power produced, increasing bills slightly. (In the first year of participation the subscription credit would be \$682,294, resulting in a net increase of \$23,936 on the City's electric bill.) However by year five, the subscription credit exceeds the subscription cost and the City will experience lower monthly outlays. The ROI becomes positive in year 8, at which time the city is saving money and enjoying lower electric bills. Given that our annual electricity expenditure is nearly \$2,800,000, the additional cost for participation represents slightly less than 1% of our energy expenditure. Moreover, the cumulative initial four-year outlay is \$48,485, significantly less than the cost of installing even a moderate size solar array on city property.

Timing of Request:

Approval is requested immediately as the window for pre-registration in the program expires on January 25, 2019.