

**City of Fayetteville Staff Review Form**

**2016-0272**

**Legistar File ID**

**6/7/2016**

City Council Meeting Date - Agenda Item Only  
N/A for Non-Agenda Item

Peter Nierengarten

5/20/2016

Sustainability & Resilience /  
Chief of Staff

**Submitted By**

**Submitted Date**

**Division / Department**

**Action Recommendation:**

Staff recommends contracting with the Ozarks Electric Cooperative for the purchase of 100 shares (panels) at the Ozarks Natural Energy Solar Facility.

**Budget Impact:**

4470.9470.5315.00

Building Efficiency Improvements

Account Number

Fund

15009.1

Project Number

Project Title

**Budgeted Item?** Yes

Current Budget \$ 60,767.00

Funds Obligated \$ 17,200.00

Current Balance **\$ 43,567.00**

**Does item have a cost?** Yes

Item Cost \$ 34,000.00

**Budget Adjustment Attached?** NA

Budget Adjustment

Remaining Budget **\$ 9,567.00**

V20140710

Previous Ordinance or Resolution # \_\_\_\_\_

Original Contract Number: \_\_\_\_\_

Approval Date: \_\_\_\_\_

Comments:

**MEETING OF JUNE 7, 2016**

**TO:** Mayor and City Council  
**THRU:** Don Marr, Chief of Staff  
**FROM:** Peter Nierengarten, Sustainability and Parking Director  
**DATE:** May 20, 2016  
**SUBJECT: Ozarks Natural Energy – Purchase of 100 Solar Panels**

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**RECOMMENDATION:**

Staff recommends contracting with the Ozarks Electric Cooperative for the purchase of 100 shares (panels) at the Ozarks Natural Energy Solar Facility.

**BACKGROUND:**

Ozarks Natural Energy is a 1 Megawatt (MW) ground mounted solar photovoltaic array that was recently constructed on a 4 acre site along Hwy 412 just east of Springdale. The array has 4,080 shares that are available for purchase by Ozarks Electric members at a cost of \$340 per share for 25 years. Each share represents a unique 400 watt solar panel that is owned by the member. Electricity produced by the panels will be credited to the member's account at a rate of \$0.04/kWh for 2016. That rate will be adjusted upward annually based on the wholesale cost of electricity. Ozarks Electric provides all the operations, maintenance and repairs for the panels and provides insurance coverage in the event that the array or any associated equipment is damaged. Ozarks Natural Energy is the first and largest Electric Cooperative commercial scale solar facility in Arkansas. There is no other utility company in Fayetteville that the City could contract with to purchase solar electricity shares (panels).

**DISCUSSION:**

The City of Fayetteville's purchase of 100 shares (panels) at the Ozarks Natural Energy Solar Facility demonstrates the City's continued committed to renewable energy and energy efficiency. This project also supports continued renewable energy market transformation, saves taxpayer money and helps protect our environment!

The purchase of 100 panels would cost \$34,000 and have a projected payback of 8 years. Direct electricity savings over the 25 year life of the agreement are projected to be over \$75,000. Fayetteville's 100 panels will generate 54,000 kWh of electricity per year which is triple the amount of electricity that the City currently gets from renewable sources. The electrons generated by these solar panels will offset approximately 20% of the electricity consumed at Fayetteville's new Regional Park set to open later this year in South Fayetteville and will save the City over \$2100 in electricity costs during the first year. Additionally, this project will help protect Fayetteville from the uncertainty of rising energy costs over the 25 year life of the project.

The City of Fayetteville's purchase of 100 shares (panels) at Ozark Natural Energy will help further development of renewable energy generation in Northwest Arkansas. It will also advance the City's goal of achieving an 80% reduction in community-wide greenhouse gas emissions by offsetting 100,000 lbs of carbon dioxide emissions per year and prevent nearly 50,000 lbs of coal from being burned to generate electricity.

The City's purchase of 100 shares (panels) in Ozark Natural Energy was discussed at the April 18, 2016 Environmental Action Committee meeting and received unanimous support.

**BUDGET/STAFF IMPACT:**

The Building Energy Efficiency Project Budget (Account: 4470.9470.5315.00, Project No. 15009.1) will be used to fund the \$34,000 purchase of 100 solar panels at Ozark Natural Energy.

**Attachments:**

Ozark Natural Energy License Agreement Contact  
Ozarks Natural Energy Fact Sheet



**License Agreement**  
Ozarks Electric Cooperative

Contract Number 1

This License Agreement (Agreement) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between Ozarks Electric Cooperative Corporation, Inc., (Ozarks Electric), with its principal place of business at 3641 Wedington Drive, Fayetteville, Arkansas 72704, and its mailing address at P.O. Box 848, Fayetteville, Arkansas 72702, and the Member, identified as follows:

Member Name: City of Fayetteville  
Account Number: 3394  
Street Address: 113 W. Mountain St  
Service Address: 2600 W. Judge Cummings Rd.  
*If different than street address*  
City: Fayetteville State: AR Zip Code: 72701  
Telephone Number: 479-575-8272

### Share Ownership

Subject to the terms and conditions set forth, Ozarks Electric hereby grants to the above mentioned Member 100 number of shares of the total production of Ozarks Natural Energy (O.N.E.). These shares shall be credited to the Member's account based on .0245% per share of the total production of O.N.E. on a per-month basis. Shares may only be purchased in single- or consecutively-numbered groups. The member will receive the share production credits allocated during the designated term to each of the following shares, identified by the following unique number(s):

1 - 100 (see attached list)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

O.N.E. is in service at Ozarks Electric's facility located in Springdale, Arkansas. Member acknowledges and agrees that Ozarks Electric will retain sole ownership, possession and control of the facility, and will have the exclusive right to maintain and operate. Member also acknowledges that Ozarks Electric may replace any equipment with any make, model, brand or type of equipment as Ozarks Electric may elect at its sole discretion.

Only metered residential and commercial accounts will be permitted to receive share output credit as part of this program. Non-metered and lighting accounts are not allowed to participate in the program. An Agreement with a Member will be required for each specific service location.

## Consideration

As consideration for each share granted, the Member will:

- Pay Ozarks Electric the sum of \$340.00 per share to receive .0245% of the total output of O.N.E. Share purchase price includes all applicable sales tax. Total shares available for purchase will be limited to 4,080 shares. The purchase price for each share will be calculated as follows: the original purchase price will be decreased at a level of 4% every year the program has been active.
- Surrender to Ozarks Electric, for Ozarks Electric's sole use, all Renewable Energy Credits associated with each share pursuant to this Agreement.

## Terms

Each share shall be active after the enrollment period set forth by Ozarks Electric and will continue for 25 years or, if earlier, until the death of the Member, subject to early termination as provided in this Agreement.

## Limited Purchase Quantity

Members can purchase shares of O.N.E. in quantities ranging from one (1) to 100. The amount purchased cannot exceed the total annual usage of the participating account.

In the event that credits from purchased shares exceed monthly usage, remaining credits may be carried over or credited to the following months' usage. If, from month-to-month, a credit is carried over, these credits shall remain until the end of the calendar year. At the end of the calendar year if any credits still remain, they will become property of Ozarks Electric.

## Enrollment Termination

In the event that the participating Member decides to move locations or discontinue participation in the program, shares may be transferred to another active Ozarks Electric account, with advanced notice and permission from Ozarks Electric. It is the Member's responsibility to notify Ozarks Electric of such change in writing at least 30 days prior to the effective date of change. Shares may also be gifted or assigned to any commercial or residential account, Share credits may not exceed total consumption of the account to which they are transferred. Notification will include the following information:

1. Member's name and mailing address
2. Agreement number, number of shares to be transferred and share identification numbers
3. Current billed address
4. New billed address
5. The name of the individual or entity to whom Member is assigning this Agreement
6. Member's surrender of the Agreement; and
7. The effective date of such change or assignment

Unless the purchaser of shares of O.N.E. agrees to transfer the share credits to another approved address within Ozarks Electric's territory, the share credits will remain associated with the specific location listed in this Agreement, regardless of occupancy or ownership changes at that location. Separate forms (as made available by Ozarks Electric) must be completed to transfer location or ownership of share credits.

## Share Buyout

The Member agrees that, at any time and at Ozarks Electric's sole discretion, Ozarks Electric may elect to repurchase the credits for one or more of the shares purchased by the Member, and the Member will sell these shares to Ozarks Electric pursuant to the terms as follows:

- Ozarks Electric will notify the member of Ozarks Electric's election to exercise its repurchase right at least 60 days prior to the purchase of Member-owned shares.
- In the event these shares are transferred to another Member, that subsequent Member will be eligible for repurchase.
- At such time as every share has been terminated, and Ozarks Electric has made all payments to Member, this Agreement will terminate and Ozarks Electric will have no further obligations to the Member.

## Ozarks Electric Obligations

Ozarks Electric agrees to:

- Provide all maintenance for O.N.E. Ozarks Electric shall be responsible for ensuring that O.N.E, and each of its components meet all applicable codes, standards and regulatory requirements at the time of installation and throughout the term of this Agreement. In the event of equipment failure, Ozarks Electric will bring the equipment back to working order as quickly as possible. In the event damaged equipment may be disconnected from the grid or is otherwise not generating electric energy, the Member will not receive any output for production until O.N.E. is reconnected to the electrical grid.
- Acquire and maintain, at its sole cost, insurance for O.N.E. Ozarks Electric will be listed as the sole loss payee for such insurance. In the event part or the whole of O.N.E. is damaged beyond repair, Ozarks Electric may elect, at its sole discretion, to replace such parts or the whole solar array if deemed necessary.

Credits for Shares Owned

- During each monthly billing period, a credit payment will be provided to the member based on the actual energy produced by the member's purchased shares multiplied by an energy rate credit factor per kWh, determined as follows:

$A \times B \times C$  = Credit payment reflected on current monthly billing statement

A = Total energy output of the entire solar array facility for the prior month, as measured by appropriate metering devices divided by the total panels operating during the prior month

B = Energy rate credit factor in \$/kWh

C = The percentage of purchased shares owned by member

- The initial Energy Rate Credit Factor to be applied through December 2016 shall be \$0.040 per kWh.
- The energy rate credit factor shall be adjusted annually, beginning with the February billing statement, to reflect changes in the wholesale cost of power that is included in the retail rates to the member. Following the initial period, the energy rate credit shall be determined as follows:

$$\text{PRC} \times (1 + (\text{AWC} \times \text{PCP})) = \text{Current year energy rate credit in \$/kWh}$$

PRC = Prior year energy rate credit in \\$/kWh

AWC = Rolling five year average change in the average wholesale cost per kWh sold

PCP =  $\frac{\text{(The total wholesale power cost for the previous five (5) calendar years)}}{\text{(The total operating revenue for the previous five (5) calendar years)}}$

- In the event the applicable service location associated with this Agreement is removed and/or not in service, Ozarks Electric will make every attempt to contact the member to determine where share credits can be transferred. During this time, the electricity produced by these panels will be provided to the utility grid system and utilized by the entire membership of Ozarks Electric. If after 30 days the Member listed in this Agreement cannot be located to determine where share credits should be applied, share credit values will become sole ownership of Ozarks Electric.
- In the event that credits for share ownership surpasses consumption of an assigned account, credits will be carried forward to Member's subsequent bills for this account. If at the end of the calendar year credits from shares of O.N.E. remain, these credits will become property of Ozarks Electric.

## Governing Law/Jurisdiction/Venue

This Agreement shall be deemed to have been made in, and shall be construed under, the internal laws of the State of Arkansas, without regard to the principles of conflicts of laws thereof.

WITNESS WHEREOF, the parties have executed this Agreement as of the date written below.

\_\_\_\_\_  
Member Name (please print)

\_\_\_\_\_  
Member Signature

\_\_\_\_\_  
Date

OZARKS ELECTRIC COOPERATIVE CORPORATION REPRESENTATIVE

Name: Alyssa Cleme Roberts

Title: VP, Marketing & Member Relations



# O.N.E. Solar Facility

## City of Fayetteville Shares

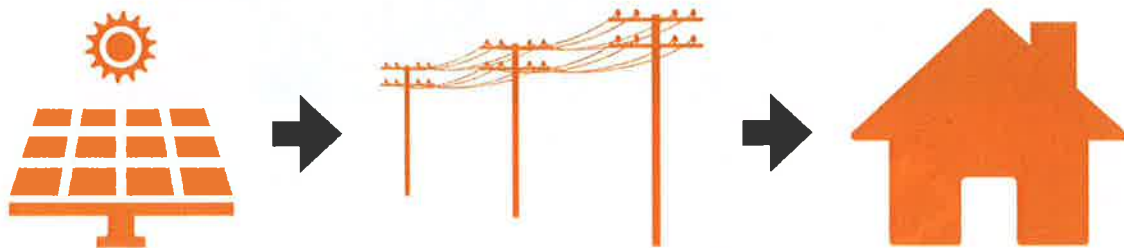
Northeast edge of array

1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020
987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003
970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986
953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969
936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952
919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935
902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918
885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901
868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884
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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

Northwest edge of array



The idea behind Ozarks Natural Energy is simple: enjoy the benefits of renewable energy without the hassle of purchasing, installing and maintaining the equipment yourself. Participating members receive a credit on their monthly bill based on the total output from the facility. Each member's individual bill credit is determined by the percentage of output "shares" for which they sign up during the enrollment period. Currently this program is only available to Arkansas members.



Our facility produces energy, which is then sent on to our system, or grid, and members who participate receive credit based on purchased shares of the facility's total monthly output.

With Ozarks Natural Energy the cost of enjoying solar power makes more sense than purchasing rooftop solar because even with rebates, rooftop solar is an extremely expensive option to purchase, install and maintain. The price per share promises payback with more than 10 years remaining on the panel's life.

Another wonderful benefit with Ozarks Natural Energy is that it makes no impact on members' homes. It also doesn't require that members own their home or property, as no equipment needs to be installed. There is also no impact on homeowner's insurance. With rooftop solar, there is an impact on the home's structure. There is also no guarantee of solar power viability and it can impact homeowner's insurance.

By participating in Ozarks Natural Energy, our members can be a part of history and something truly special.

**4,080**  
panels

**25-year**  
life cycle

The facility will reduce

**43,000 tons**

of CO<sub>2</sub> in its life cycle

Generates over **2 million kWh** per year

**1,720 tons** yearly



Power **150-200** homes



Greenhouse gas emissions from

**319** passenger  
vehicles

driven for one year



**22 million**

hours of  
watching  
television



**264 million**

pounds of  
laundry



**17.6 million**

hours of  
working on  
a computer



CO<sub>2</sub> emissions from

**170,700**

gallons of gasoline consumed

It would take **1,243 acres**  
of U.S. forest to absorb  
the same amount  
of CO<sub>2</sub> in one year

