

To: HONORABLE MAYOR AND CITY COUNCIL.

FROM: Dave Maroney, City Administrator.

SUBJECT: Presentation – Community Solar Gardens.

DATE: October 10, 2019.

BACKGROUND.

Corey Orehek representing *Nokomis Partners* has requested time to present information to the City Council illustrating how Cannon Falls is able to reduce our cost of electricity through the Minnesota Solar Garden Program – the accompanying documentation provides background information about *Nokomis Partners* and the projected “savings” that may be realized should the City of Cannon Falls participate as a subscriber.

Preliminary cumulative (25-year) savings calculations projected by each Company are: (a) *Novel Energy Solutions* (\$582,340); (b) *Innovative Power Systems* (\$407,638); and (c) *Nokomis Partners* (\$549,600 plus \$24,000 bonus = \$573,600). The Companies have utilized a slightly different “guaranteed discount rate” or “degradation rate” assumption which accounts for differences in the saving amounts.

REQUESTED COUNCIL ACTION.

Mr. Orehek will provide a power point presentation on October 15th and answer any questions that you may have.

At the November 6th meeting of the City Council time will be allotted to discuss the three solar proposals and determine whether or not to approve a *Subscription Agreement* with one of the Companies.



Community Solar Subscription Proposal

Nokomis Partners is pleased to offer you the opportunity to subscribe to its community solar gardens. The subscription is based on delivering a fixed savings rate of \$0.01 off of your Xcel Energy bill for every kWh your subscription produces. This simple and certain *savings-only-contract* means you only pay for what you save regardless of what happens to future electricity prices.

City of Cannon Falls – Here are Your Savings

Now that your eligibility is determined, and your usage information is in hand we have sized your subscription. These are the highlights of the proposal:

1¢ per kWh – Savings Rate

\$24,000 – Estimated Year 1 Savings

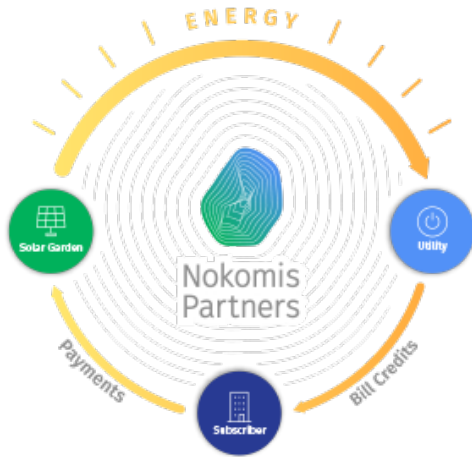
25 years – Term length

\$549,600 – Estimated Lifetime Savings

Premise Name(s)	Subscription Size
City of Cannon Falls Facilities	2,400,000 kWh

\$24,000 Signing Bonus

**\$12,000 Paid at signing - \$12,000 Paid at garden allocation*



Local. Simple. Certain.

Community solar offers you one of the only ways to reduce your electricity costs without reducing your consumption, all while contributing to the development of local energy infrastructure.

- **Local** – You can choose where your energy comes from
- **Simple** – All you must do is sign up
- **Certain** – Our fixed savings rate means you always save, no matter if the utility rate goes up or down

About Nokomis Partners

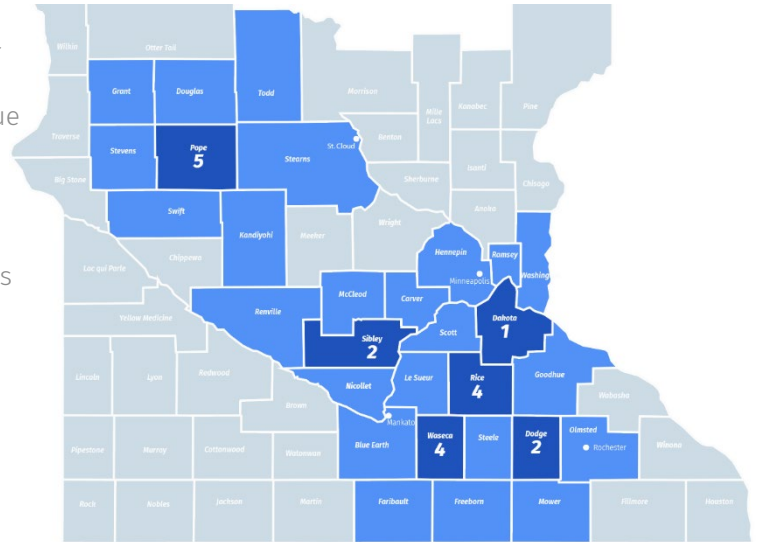
Nokomis Partners is a Minnesota based energy developer whose mission is to accelerate clean, local energy deployment through equitable partnerships. Our approach is predicated on creating value for all stakeholders involved in energy development. Through a combination of development and consulting services we use distributed energy to improve grid reliability and provide value to ratepayers. Our commitment to you is as a partner from day one.



Gardens Constructed in 2018-2019

Nokomis Partners has 18 MWs of community solar gardens constructed in central and southern Minnesota in the last 2 years. We continue to bring distributed energy choices to over 28 counties and countless more communities.

With our use of local capital, local construction teams and local operation and maintenance crews we are your local energy partners.



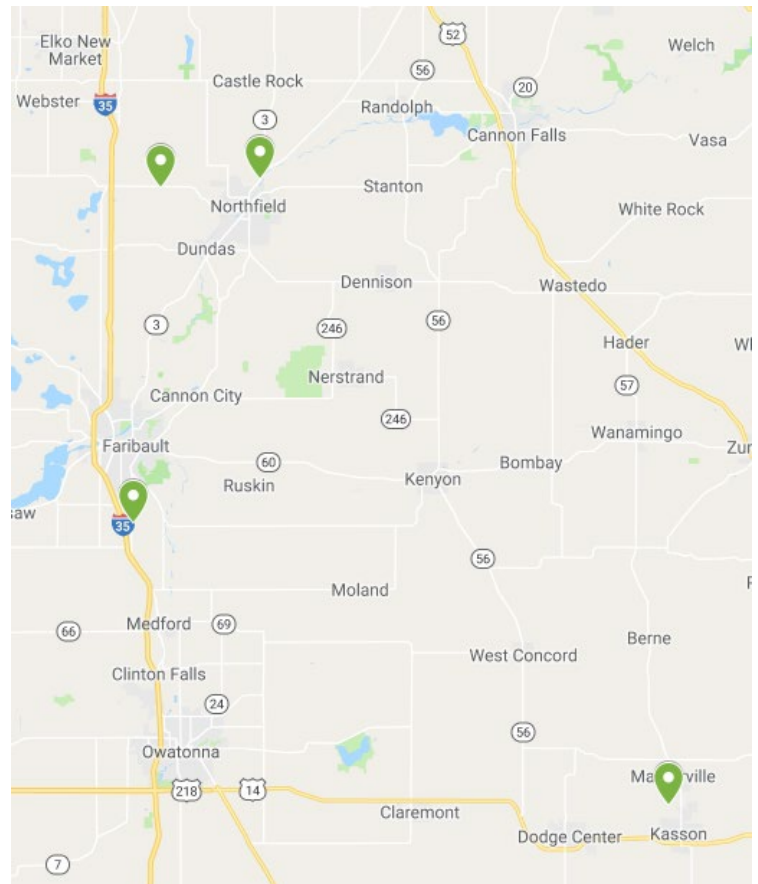
Gardens Under Development for 2020

We build community solar gardens that fit in the community they serve. After previously building 7 other community solar gardens in your area, we have 4 more under development.

We always work with the next project in mind and maintain relationships with the community we're working with.

Based on your usage, the City of Cannon Falls will be a part of 3 of our gardens. As you can see on the map, Cannon Falls is eligible to subscribe to 4 of the gardens we currently have under development.

We don't oversell our gardens OR take subscriptions that we don't have gardens for. We provide full visibility of our pipeline and timelines so that you as the subscriber know what your signing up for and when you will start receiving your bill credits.





Nokomis Community Solar Subscribers & References

City of Farmington

County: Dakota
Subscribed: July 2018
Estimated Lifetime Savings: \$300,000
**Reference: Adam Kienberger, Community Development Director*
akienberger@farmingtonmn.gov
651.280.6820



Faribault Public Schools

County: Rice
Subscribed: August 2018
Estimated Lifetime Savings: \$1,460,000



Goodhue County

County: Goodhue
Subscribed: August 2019
Estimated Lifetime Savings: \$343,500



Cannon Golf Club

County: Goodhue
Subscribed: August 2019
Estimated Lifetime Savings: \$343,500
**Reference: Paul Although, Bank President / Club Treasurer*
paulalthoff@ffmbank.com
651.385.6091



Tri-City United Schools

County: Rice
Subscribed: August 2018
Estimated Lifetime Savings: \$187,000



Bloomington Public Schools

County: Hennepin
Subscribed: February 2019
Estimated Lifetime Savings: \$805,000





B. Quote Details - Your 25 Year Outlook

Your fixed savings rate is based on the delta between your Xcel Bill Credit Value and Nokomis Partner's Subscription Rate, per kilowatt-hour generated by your portion of the community solar garden. Below, shows your Value of Solar bill credit rate and the community garden subscription rate. Also, the estimated energy that will be generated and your savings tied to it by year for 25 years. With your fixed savings rate, you only pay for what you save.

Yr	Value of Solar Bill Credit Rate (\$/kWh)	Nokomis Subscription Rate (\$/kWh)	Fixed Savings rate (\$/kWh)	Estimated Solar Energy Generated (kWh)	Estimated Savings Generated (\$)
1	0.0976	0.0876	0.01	2,400,000	\$24,000
2	0.0998	0.0898	0.01	2,383,200	\$23,832
3	0.1021	0.0921	0.01	2,366,400	\$23,664
4	0.1044	0.0944	0.01	2,349,600	\$23,496
5	0.1068	0.0968	0.01	2,332,800	\$23,328
6	0.1092	0.0992	0.01	2,316,000	\$23,160
7	0.1117	0.1017	0.01	2,299,200	\$22,992
8	0.1142	0.1042	0.01	2,282,400	\$22,824
9	0.1168	0.1068	0.01	2,265,600	\$22,656
10	0.1194	0.1094	0.01	2,248,800	\$22,488
11	0.1222	0.1122	0.01	2,232,000	\$22,320
12	0.1249	0.1149	0.01	2,215,200	\$22,152
13	0.1278	0.1178	0.01	2,198,400	\$21,984
14	0.1307	0.1207	0.01	2,181,600	\$21,816
15	0.1336	0.1236	0.01	2,164,800	\$21,648
16	0.1367	0.1267	0.01	2,148,000	\$21,480
17	0.1398	0.1298	0.01	2,131,200	\$21,312
18	0.1429	0.1329	0.01	2,114,400	\$21,144
19	0.1462	0.1362	0.01	2,097,600	\$20,976
20	0.1495	0.1395	0.01	2,080,800	\$20,808
21	0.1529	0.1429	0.01	2,064,000	\$20,640
22	0.1564	0.1464	0.01	2,047,200	\$20,472
23	0.1599	0.1499	0.01	2,030,400	\$20,304
24	0.1636	0.1536	0.01	2,013,600	\$20,136
25	0.1673	0.1573	0.01	1,996,800	\$19,968
			0.01	54,960,000	\$549,600

Please consider the following information when considering this proposal.

1. Proposal Based on the following Xcel electricity usage information provided by the customer or estimation by Nokomis Partners.
2. Savings estimate is based on the number of kilowatt hours the solar garden is projected to produce. Modeling is performed using PVSYST and a local weather file.
3. System performance is expected to degrade at 0.5% annually based on the solar module's warranted degradation
4. Subscription does not include rights to renewable energy certificates.



Our Offer: A Fixed Savings Rate

How it Works: Nokomis builds Solar Gardens as a part of Xcel Energy’s Solar*Rewards Community Program and connects them to Xcel’s distribution grid. Xcel Energy provides Nokomis Bill Credits for the energy produced by the Solar Garden. Nokomis sells these Bill Credits to subscribers at a defined Subscription Rate. These Bill Credits reduce a subscriber’s Xcel Energy bills.

How We Lock in Your Savings Rate: A Fixed Savings Rate means your Subscription Rate is always lower than the value of the Bill Credits you receive. The value of the Bill Credits is based on a contracted 25-year schedule known as the Value of Solar (VoS). By offering a Subscription Rate that is always a fixed amount below the Bill Credit Value, subscribers are able to lock into a Fixed Savings Rate.

Bill Credit Value – Subscription Rate = Fixed Savings Rate

Major Terms of Our Offer

- Fixed Savings Rate
- Contract is Fully Transferable
- No Change to Your Facilities
- No Upfront Costs

Annual Usage	Year 1 Savings	25 Year Savings
2,000,000 kWh	\$24,000	\$549,600
500,000 kWh	\$6,000	\$137,400
100,000 kWh	\$1,200	\$27,480

Subscription Process

1. Preliminary Proposal

Once we gather your Xcel Energy Usage data, we prepare a proposal for you based on the information you have provided. The major terms of the proposal are:

- a) Savings Rate – the per bill credit savings your subscription will generate
- b) Size of subscription – the size of the subscription you are eligible for
- c) Estimated solar performance – how many bill credits we expect the subscription to generate
- d) Term length – The length of the contract
- e) Total estimated savings – The total savings we estimate you will receive

2. General Conditions – To be signed at initial contracting.

These are all the major terms that govern your subscription and specify the desired amount of electricity you wish to subscribe. At this time, we will also:

- a) Have you sign an Xcel’s Subscriber Agency Agreement which grants Nokomis and Xcel approval to work together to subscribe your premises to a community solar garden.
- b) Confirm your credit via a rating agency if available OR based on your last 3 years financials.

We then populate the contracts and issue for final review and signing.

3. Garden Conditions – To be signed upon construction of the solar garden.

This section outlines the specifics of the solar garden you will be subscribing to. This is where we allocate, at a minimum, the usage from the exclusivity section of the General Conditions.

4. Bill Credit Delivery

Once the gardens are turned on, you will begin seeing bill credits delivered to your Xcel bill. These savings are what your subscription payments are based on. You only pay when you save.



Additional Information

Our Partnership with Xcel Energy

Nokomis builds Solar Gardens as a part of Xcel Energy’s Solar*Rewards Community Program and connects them to Xcel’s distribution grid. Xcel Energy provides Nokomis Bill Credits for the energy produced by the Solar Garden. Nokomis sells these Bill Credits to subscribers at a defined Subscription Rate. These Bill Credits reduce a subscriber’s Xcel Energy bills.

Contract Term Length

The subscription contract is for 25 years. The term length is designed to deliver you long term energy savings and decrease your exposure to utility rate changes. Regardless of whether rates go up or down, your savings are based purely on how well the garden performs.

Contract Early Termination Provisions

Our contracts are structured to ensure you always save. Regardless, you can exit your subscription in certain events.

- Commercial operation date not achieved – The solar garden does not achieve commercial operation by the agreed upon date
- Subscriber ceases to be an Xcel Customer – Subscriber moves the premises out of Xcel Territory, Subscriber moves the premises outside of the solar garden’s eligible counties, subscriber shuts down the premises.
- Transfer/Assignment to another subscriber – Subscriber wants to exit contract or transfer savings to another entity

Monthly Billing

- **Bill Credits Generated x Bill Credit Rate = Total Credit applied to your Xcel bill**
- **Bill Credits Generated x Subscription Rate = Total amount you owe Nokomis (Billed separately)**
- **What if the value of the bill credits exceeds your total electricity bill?** Not to worry. Xcel pays out excess bill credits annually.

Program Rules / Eligibility

Xcel Energy

Must be an Xcel Energy Customer

Maximum subscription based on 120% historical annual usage

Subscriptions must not exceed 40% of a single garden. May subscribe to multiple gardens

A Subscriber must be in the same or an adjacent county to the solar garden