



Legislation Text

File #: 17-0866R, **Version:** 1

RESOLUTION AUTHORIZING APPROVAL OF COMMUNITY SOLAR GARDEN PROGRAM CUSTOMER CONTRACT AND ADDENDUM BETWEEN MINNESOTA POWER AND THE CITY OF DULUTH FOR PURCHASE OF 420 - 1 KILOWATT SHARES OF SOLAR-GENERATED ELECTRICITY PRODUCED BY THE PROJECT FOR THE NEXT 25 YEARS IN THE TOTAL AMOUNT OF \$895,503.

CITY PROPOSAL:

RESOLVED, that the proper city officials are authorized to enter into and execute agreements with Minnesota Power, an operating division of Allete, Inc. ("MP"), in the form attached hereto as Exhibit A and titled as follows: Customer Contract for Minnesota Power Community Solar Garden Pilot Program and Addendum to Customer Contract for Community Solar Garden Pilot Program between the city of Duluth and Minnesota Power, for the purchase of 420 - 1 kilowatt (kW) shares of solar electricity generated by the project for the next 25 years, in the total amount of \$895,503.00 payable from Fund 110-700-1420-5535 (General Fund, Transfers & Other Functions, Capital Program, Non-Capital Improvements).

STATEMENT OF PURPOSE: This resolution authorizes the appropriate city officials to execute the attached Customer Contract and Addendum for Community Solar Garden Pilot Program between the city of Duluth and Minnesota Power.

MP has launched an inaugural Community Solar Garden Program powered by a 1 megawatt (MW) solar array and facility in Wrenshall, Minnesota, and a 40 kW solar array and facility in Duluth. Pursuant to a long-term-subscription model approved by the Minnesota public utilities commission, MP will sell customers subscriptions to solar electricity generated by the project over the next 25 years.

By purchasing a one-time, up-front subscription to 420 - 1 kW blocks of solar electricity generated over the life of the project - at a rate of \$2,132.15 per 1 kW block or \$895,503 - city staff estimate that Duluth will save \$2,245,424.70 in electricity costs over the next 25 years while powering city operations and facilities with 15,750,000 kilowatt-hours (kWh) of electricity generated from clean and renewable sources.

Under the terms of the agreement, the city can relinquish its subscription at any time and receive a refund of its initial payment in accordance with the depreciation schedule outlined in Appendix A attached to the Customer Contract. The Addendum to the Customer Contract includes additional protections to ensure that the city receives the full benefit of its 25-year investment even in the event of natural disaster or other prolonged outage at the solar facilities.