

Gila County Solar RFP: Request for Authorization to enter into LOI

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Request for approval to enter into a Letter of Intent (L.O.I.)

- ▶ An LOI is an agreement to enter into negotiations exclusively with one supplier.
- ▶ If negotiations don't succeed county can walk away. (i.e. no obligations)
- ▶ Urgency driven by APS incentive deadline.

Activities to date

- ▶ APS awarded a 200 kW incentive for the Globe Courthouse. (400 kW is possible)
 - ▶ RFP process was completed with Kitchell/Tioga being the preferred supplier
 - Low cost
 - Excellent experience in this type of project
 - Good reputation.
 - Scoring next slide
- 

Results RFP Evaluation Matrix

Total Committee Scoring	weight	SES	Kitchell	APS ES
Cost of Power	30	70	150	81
Past experience and references	30	75	135	123
technical proposal	15	61	53	30
Proposer's capabilities	10	38	48	43
financial capacity and project financing	20	86	78	85
Project implementation and management plan	5	25	25	25
	Total	355	489	387

Best & Final PPA Proposal – Alt #1

- **Sites (1):**
 - Globe County Courthouse (Alt #1)
- **Project Size: 204.96 kW (DC)**
- **PPA Contract Term: 20 yrs**
- **Pricing Option 1:**

	<u>Savings</u>
▪ Starting Rate: \$0.080/kWh	1st Year: (\$3,645)
▪ Annual Escalation: 0%	Cumulative: \$149,000
- **Pricing Option 2:**

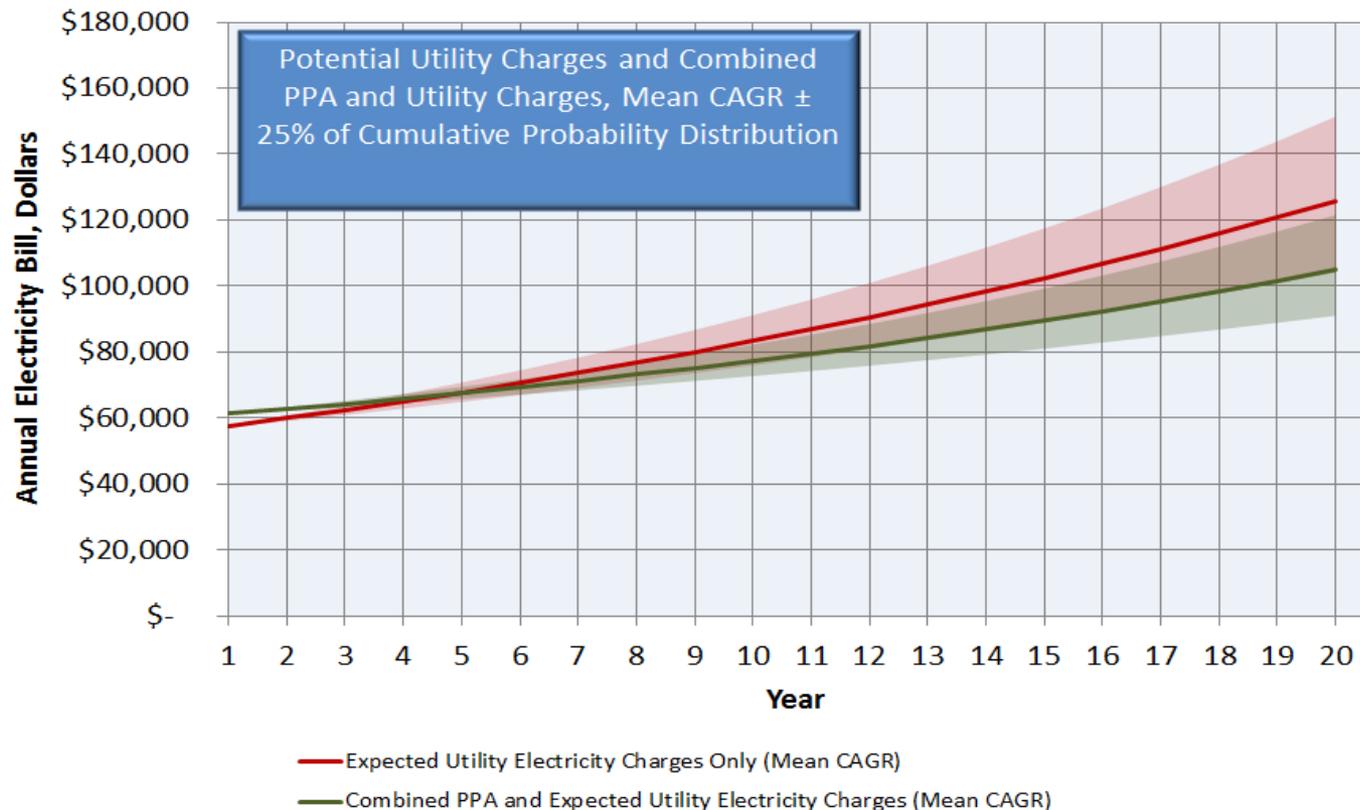
	<u>Savings</u>
▪ Starting Rate: \$0.067/kWh	1st Year: \$458
▪ Annual Escalation: 3%	Cumulative: \$86,000
- *Pricing assumes exemption to state and local transaction privilege taxes (sales taxes)

Next Steps

- Finalize L.O.I. agreement with legal review
- Submit L.O.I. to APS to maintain incentive
- Negotiate details of contract with Kitchell/Tioga
- Submit for additional incentives

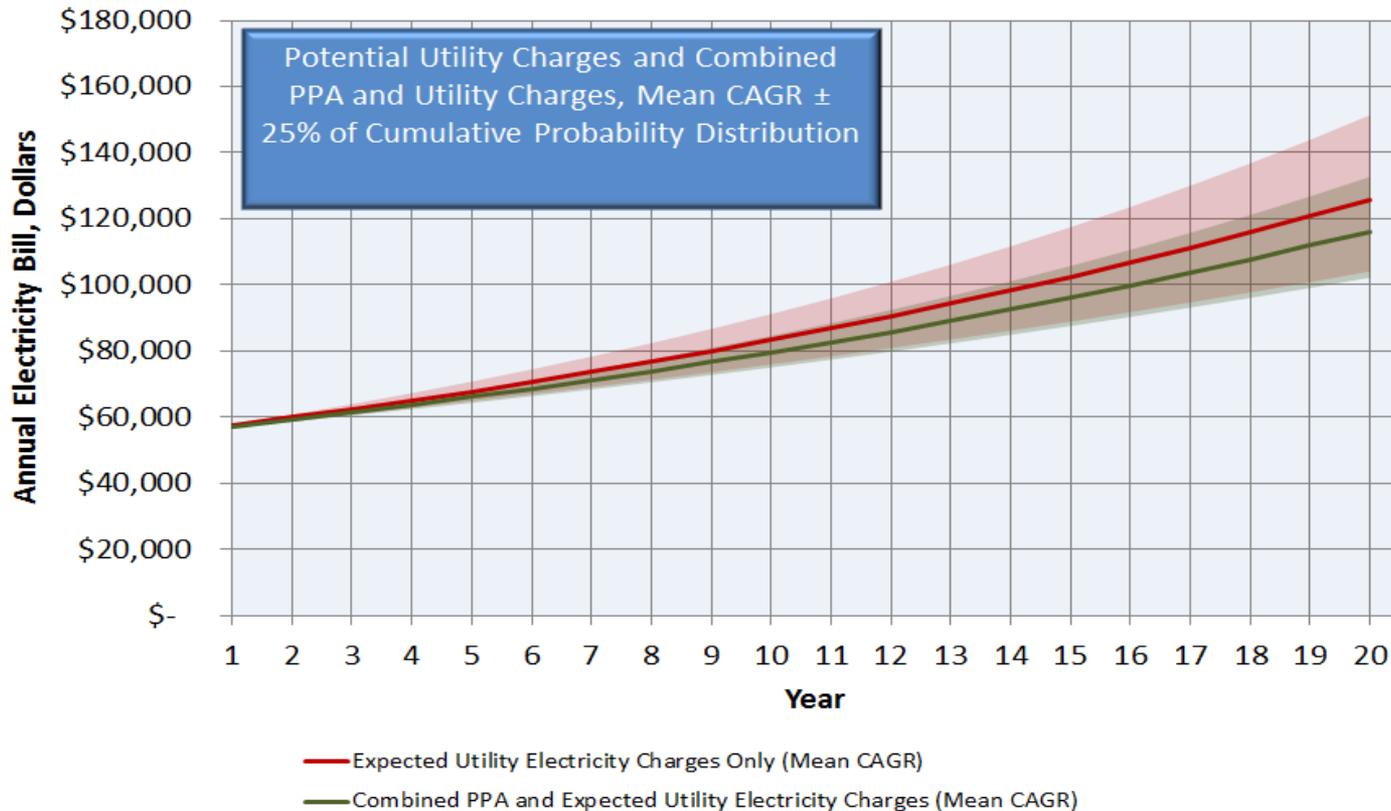
Annual Electric Charges With and Without Solar PPA – 0% Escalator Option

Annual Electricity Charges, with and without Solar PPA Contributing 39.% of Electricity Requirement, Initial PPA Rate = \$ 0.080 per kWh, Annual PPA Escalator = 0.00%, Initial Utility Rate = \$0.067 per kWh



Annual Electric Charges With and Without Solar PPA – 3% Escalator Option

Annual Electricity Charges, with and without Solar PPA Contributing 39.% of Electricity Requirement, Initial PPA Rate = \$ 0.067 per kWh, Annual PPA Escalator = 3.00%, Initial Utility Rate = \$0.067 per kWh



Backup



Alt #1 Savings Analysis – 0% Escalator Option

EIA Electricity Price Data Set	AZ, Electricity price in the commercial sector
Average Historical Utility CAGR	4.05%
Most Probable Future Utility CAGR	4.21%
Annual Electricity Consumption, kWh	840,800
Utility Rate Offset by Solar, \$/kWh	\$ 0.067
Solar Power System Size, kW	204.96 kW
PPA Initial Rate, \$/kWh	\$ 0.080
PPA Escalator, %	0.00%
Estimated 1st Year Production, kWh	328,208
Annual Production Degradation, %	0.50%
Estimated Percentage of Energy Requirement Provided by Solar:	39.0%
Host Discount Rate, %	6.00%
Financial Results	
Most probable first-year savings	\$ (3,809)
Most probable cumulative 20-year savings	\$ 146,000
Most probable Net Present Value (NPV) of savings	\$ 56,000



Alt #1 Savings Analysis – 3% Escalator Option

EIA Electricity Price Data Set	AZ, Electricity price in the commercial sector
Average Historical Utility CAGR	4.05%
Most Probable Future Utility CAGR	4.21%
Annual Electricity Consumption, kWh	840,800
Utility Rate Offset by Solar, \$/kWh	\$ 0.067
Solar Power System Size, kW	204.96 kW
PPA Initial Rate, \$/kWh	\$ 0.067
PPA Escalator, %	3.00%
Estimated 1st Year Production, kWh	328,208
Annual Production Degradation, %	0.50%
Estimated Percentage of Energy Requirement Provided by Solar:	39.0%
Host Discount Rate, %	6.00%
Financial Results	
Most probable first-year savings	\$ 458
Most probable cumulative 20-year savings	\$ 86,000
Most probable Net Present Value (NPV) of savings	\$ 39,000