



Legislation Text

File #: 59350, **Version:** 1

Fiscal Note

The proposed resolution authorizes a contract with Butter Solar LLC for the annual purchase and sale of renewable energy credits for years 2019-2023 in the amounts listed below. This contract was authorized in Legislative File 52807 in 2018, but did not include the full amount that the City would be required to pay under the terms of the contract. The amount of the increase reflects a \$4.75 per renewable energy credit (REC) charge that the City is required to pay in the first year of each facility's production; this amount is reflect parentheses below.

2019: \$410,960 (increase of \$21,900)
2020: \$405,328 (increase of \$51,158)
2021: \$412,238 (increase of \$21,273)
2022: \$178,113 (increase of \$7,805)
2023: \$91,715 (no change)

Funding for these annual payments is available in the 2020 Engineering-Facilities Management's Sustainability Improvements capital program (MUNIS 10563), which budgets \$750,000 of GO Borrowing annually for projects that support the implementation of the Madison Sustainability Plan. Budgeted funding for the program in future years will be subject to Common Council approval of the capital budget.

Title

Updating the Fiscal Note for accuracy in financing new community-scale solar projects in Wisconsin to advance the City of Madison's transition to 100% renewable energy.

Body

WHEREAS, the City of Madison desires to implement energy and carbon policy consistent with the environmental, economic and social objectives articulated in the Madison Sustainability Plan, the City's Energy Work Plan, and the existing State of Wisconsin energy policy applicable to local governmental units under Wis. Stat. sec. 1.12; and,

WHEREAS, in 2017 the City of Madison established a community-wide Energy and Carbon goal of 100% renewable energy and net-zero carbon emissions; and,

WHEREAS, also in 2017, the City of Madison selected Sustainable Engineering Group LLC to provide a plan for city operations to achieve goals of 100% renewable energy and net-zero carbon; and,

WHEREAS, the quickest strategy to acquire new sources of renewable energy to reach the net-zero carbon goal is the financing of community-scale solar projects; and,

WHEREAS, Renewable Energy Credits (RECs), are tradeable non-tangible energy commodities that represent poof of the generation of one megawatt-hour (MWh) of energy by a renewable energy facility; and,

WHEREAS, financing community-scale solar projects with RECs is a cost-effective arrangement for large scale investments in renewable energy; and,

WHEREAS, local governments including Boston, MA, Columbus, OH, Portland, OR, Forest County Potawatomi, WI, and Montgomery County, MD have all purchased RECs to meet ambitious emissions reduction goals. RECs account for more than 75% of the renewable energy use in each of these locations; and,

WHEREAS, the City of Madison has the opportunity to serve as a financing partner to construct 14 MW of solar generation in Western Wisconsin in the communities of Argyle, Cumberland, Elroy, Fennimore and New Lisbon, to be developed by Butter Solar LLC; and,

WHEREAS, the electricity generated through this project would represent approximately 37% of the City of Madison's average annual electric energy use; and,

WHEREAS, the proposed project would 1) increase solar capacity in the State of Wisconsin by 15%, 2) produce enough power for 2,500 WI households, 3) catalyze nearly \$20 million in clean energy investment for rural Wisconsin, 4) establish 70 acres of pollinator friendly habitat beneath the solar arrays, and 5) is the only community-scale solar project in the development pipeline at this moment in time; and,

WHEREAS, this purchase will enable the City to make substantial progress toward achieving its 100% renewable energy and net-zero carbon goal in a cost effective and timely manner; and,

WHEREAS, the Sustainable Madison Subcommittee has reviewed the terms and related documents pursuant to a Purchase and Sale Agreement of Renewable Energy Credits between Butter Solar LLC and the City of Madison. Upon review the Subcommittee determined that:

- 1) The acquisition of RECs through a 25-year forward purchase is a reasonable contract structure that would yield 14 MW of RECs to the City at an attractive price; and,
- 2) Acquiring RECs from solar arrays in rural Western Wisconsin will reduce greenhouse gas emissions from Wisconsin power plants; and
- 3) But for the City of Madison's purchase of RECs associated with the output from these arrays, this project will not proceed to construction,

WHEREAS, Resolution RES-18-00529 passed the Common Council on 07/10/2018 authorizing the Mayor and City Clerk to enter into a contract for Purchase and Sale of Renewable Energy Credits in a form to be approved by the City Attorney, with Butter Solar LLC to provide 100% of the RECs generated by the Argyle, Cumberland, Elroy, Fennimore and New Lisbon Solar photovoltaic projects but did not have the accurate annual payments listed in the Fiscal Note; and,

WHEREAS, the contract between Butter Solar LLC and the City of Madison was signed in August of 2018; and,

WHEREAS, the original resolution included only the prepayment amounts for each installation and not the \$4.75/REC adder for actual production of the facilities during their first year of production. Note these additional amounts for the adder are based on anticipated production and do not account for potential Seller credits back to the City for under production; and,

NOW, THEREFORE, BE IT RESOLVED, that this Resolution accurately reflects the contract amount through an updated Fiscal Note for payment purposes.