



Pinellas County

Staff Report

File #: 20-1732A, Version: 1

Subject:

Resolution to enter into an agreement to subscribe to the Duke Energy Florida Clean Energy Connection program.

Recommended Action:

Approval of the resolution directing and delegating the County Administrator to enter into a contract with Duke Energy Florida (Duke) to purchase 27,293 kW blocks of solar power through its proposed Clean Energy Connection program (Program).

- Resolution authorizes the County's purchase of solar energy through Duke's Program and encourages the Florida Public Service Commission to approve the Program.
- Staff completed an initial analysis and submitted Program subscription interest to Duke based on our annual metered usage (167.5 million kWh).
- The County's Program request was to purchase 68 MW in solar energy, which would offset 100% of our total annual energy consumption with renewable energy power.
- Due to high demand and limited availability, Duke reduced the County's total subscription amount for a revised total purchase of 27.3 MW (40% energy offset).
- There is a monthly subscription fee; however, it is offset by a credit applied to the monthly invoice.
- Fees will not be expended until 2022, when Duke is expected to officially begin the program, and the County can cancel at any time and only incur a one-month charge.
- In total, over thirty years in the program, the County will pay an estimated \$78,761,048.00 in subscription fees and receive an estimated \$88,574,704.00 in bill credits, equating to an \$9,831,565.00 return on investment.
- Program approval is pending with the Florida Public Service Commission, so a contract memorializing our subscription with Duke will not be agreed upon until 2021.

Authorize the Clerk of the Circuit Court to record this Resolution in the public records of Pinellas County.

Strategic Plan:

Practice Superior Environmental Stewardship

3.1 Implement green technologies and practices where possible

3.3 Protect and improve the quality of our water, air, and other natural resources

Foster Continual Economic Growth and Vitality

4.4 Invest in infrastructure to meet current and future needs

Deliver First Class Services to the Public and Our Customers

5.1 Maximize partner relationships and public outreach

Summary:

After an internal staff analysis and a presentation to the Board, the County enrolled in the Program, which will offset 40% of its total annual energy consumption through the purchase of solar energy. The Program is expected to be operational starting in 2022, and a contract with Duke will be agreed upon in 2021. This contract will memorialize the overall program tariff schedule, rates, subscription size, and County-specific accounts enrolled into the program. The County is expected to receive a return on investment in 5-7 years.

Background Information:

Duke Energy Florida (Duke) has rolled out a new "community solar program", the Clean Energy Connection (CEC) Program, and enrolled early subscribers while awaiting approval from the Public Service Commission. The CEC Program will enable qualified customers to participate in a solar program and directly fund the development of several utility-owned solar plants interconnected to the Duke power grid in Florida. Program subscribers will pay a flat monthly subscription fee, at fixed rate of \$8.35/kW, and will receive monthly bill credits equal to the value of solar energy produced by their share in the program. The initial credit rate for the first three years of the Program will be \$0.040370/kWh; thereafter, the rate will increase by 1.5% every year. The monthly credit will vary seasonally, as solar energy production is greater during the months with more direct sunlight. The subscription amount (and associated fees and credits) will match the built solar capacity, and initial estimates for Program implementation will be phased in at 20% in FY22, 60% in FY23, and 100% by FY24.

Duke set aside 10% of the total program capacity for local governments, equaling 75 Megawatts (MW), and provided a subscription window from May 15, 2020 to August 31, 2020. After a presentation on July 31, 2020, the Board directed the County Administrator to enroll for the County's total annual energy consumption of 167.5 million kWh, which would require roughly 68 MW of solar energy production. Due to high demand, Duke cut the subscription request by 60%, offering the County a subscription of 27.3 MW of solar energy.

Fiscal Impact:

Costs for the Program will only be incurred once the solar capacity is constructed, anticipated to start in 2022. The costs would be applied to specific accounts with Duke, affecting individual budgets based on their current electric bills. The account selection process will take place as part of the contract phase to enroll in the Program.

Based on the approved subscription size, cost estimates show a total net expense of \$80,119 for the first four years in the program. The County will observe a positive return on investment of \$10,669 after the fifth (5th) year in the program. Due to the 1.5% annual credit increase starting in year four (4), the total annual payout during year thirty (30) of the program will result in a \$778,090 return. In total, over thirty (30) years in the program, the County will pay an estimated \$78,761,048 in subscription fees and receive an estimated \$88,574,704 in bill credits, equating to an \$9,831,565 return on investment.

Staff Member Responsible:

Hank Hodde, Sustainability and Resiliency Program Coordinator, County Administration

Partners:

Duke Energy Florida

Attachments:

Staff Memo

Presentation

Proposed Resolution 20-