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To: Board of County Commissioners
CC: Matthew Birnie, County Manager
From: John Cattles, Gunnison County
Date: 9/4/18
RE: PV array on County property

Memorandum

Background:

GCEA is pursuing two photovoltaic arrays in the County, each array would be about 500 kW. One of the preferred sites is no longer viable so they are looking for alternative sites. WSCU is also seeking to develop a 1MW (1000kW) PV project but are also having some problems with finding an appropriate site. Both entities have bids to build these projects from the same developer.

Gunnison County owns a site South of the Airport that may be a good site to build a combined project between GCEA and WSCU. The site is no longer under FAA obligation. The site would be within the City of Gunnison electric service area so the City would have to be a participant in a project as energy from the site would have to be wheeled through the City distribution infrastructure to WSCU and GCEA.

Opportunity:

Combining projects on one site may provide opportunities to take advantage of construction efficiency and economies of scale in order to keep expenses low to build the project. The project is located in an area that may have lower fixed costs of development than alternative sites due to the flat land and relative proximity to distribution infrastructure. Fixed costs of upgrading infrastructure to accept the power produced could be spread across a larger project.

The County could participate as an off-taker of some of the power produced in order to offset our power use at facilities through a power purchase agreement.

These projects align with the BoCC goal of reducing greenhouse gas emissions.

Challenges:

There are several challenges to developing the site for this use:

1. Land-use and sage grouse

The project would have to undergo a planning review as a minor or major impact project. The site may be sage grouse habitat. Sage grouse mitigation efforts may increase the project costs. A land use review may determine that the site is not appropriate for a project of this scale.

2. Interconnection costs

The project will require interconnection to the City electrical infrastructure and eventually to GCEA through a transformer and line extension. The City's distribution line may also need to be upgraded. These costs are unknown and will require engineering to determine the costs and scope, if costs are too high the project may be financially un-viable.

3. Power purchase agreements, wheeling fees, and lost revenue recovery fees

Power purchase agreements (PPA's) between the entities involved will have to account for all costs associated with the capital construction as well as fees levied to move the power. The fee structure required to ensure the City is compensated for the use of the electrical infrastructure which are called wheeling fees could add costs that make the project unviable. Similarly, a lost revenue recovery fee will have to be calculated in order to offset the fixed costs of the City and their power provider that are typically included in energy costs, the rate of this fee may make the project unviable.

4. Construction deadline

GCEA has an eighteen-month window during which to complete the project and comply with its power supplier's policy. Due to the fact that this deadline, February 8, 2020, falls in the winter, the project must be completed by the end of the 2019 construction season.

Conclusion/ Recommendation:

There are several challenges that must be overcome in order to make this project work and in order to meet the strict deadline by which the project must be operational for GCEA. All three of the major hurdles that must be overcome will have to be worked on simultaneously in order to make the timeline. I recommend that the County consent to GCEA and their contractor, Pivot Energy, to begin the pre-application conference for sage grouse review.

Commented [MM1]: They just changed their name today.

The County will continue to monitor the progress of the project and determine if there is an opportunity to support the project through a long-term PPA.