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Approval of Contract with Affordable Solar Installation, Inc. to Finance, Construct, Own, Operate and sell electricity to the Authority from a Solar Energy Facility at the San Juan - Chama Drinking Water Treatment Plant

Requesting approval to delegate authority to the Executive Director to enter into a contract with Affordable Solar Installation, Inc. (Affordable) to finance, construct, own, operate and sell electricity to the Authority from a solar energy facility (SEF) at the San Juan-Chama Drinking Water Treatment Plant (WTP).

If approved by the Board, a Power Purchase Agreement (PPA) will be executed by the Albuquerque Bernalillo County Water Utility Authority (Water Authority) and Affordable to enable Affordable to finance and build a SEF at the WTP in 2018. Affordable will provide the capital to build the SEF, operate and maintain the plant over a 30-year term. The Water Authority will have the option to purchase the facility throughout the term of the agreement. At the end of the 30-year term the Water Authority will have the option to purchase the system at market value, or Affordable will remove the system at no cost to the Water Authority.

The Water Authority will purchase all the electricity from the SEF at a rate of $0.0535 plus a lump sum payment of $350,000 per year. Those costs combined yield and energy rate for the WTP of $.091 per kWh under the current PNM rate at the WTP.

The $350,000 per year lump sum payment is to be used to offset the PNM renewable energy rider payment agreement the Water Authority has with PNM for generation of renewable energy. This yearly payment will make it efficient and effective to comply with the Water Authorities agreement with PNM, the Renewable Energy Act, and the PRC's order in case No. 15-0166.

The Water Authority's energy rate from the SEF will escalate at a rate of 1.5% per year over the 30-year term. The Water Authority's current PNM rate at the WTP is $0.1450 per kWh and conservatively projected to increase at an annual rate of 2%. The solar plant is projected to save the Water Authority $25,400,000 over the 30-year term, an average of $847,000 per year savings. During the first 12 months of operation the plant is estimated to produce 9.3MWh's, which is approximately 21% of the current 44.7MWh WTP usage. Adding the new array production to the existing array solar generation onsite will be 31% of the WTP usage. In addition, Affordable will provide the Water Authority real-time, online access to solar production, energy load, and energy savings data.

By entering into this agreement, the Water Authority can be assured of a stable energy rate at the WTP for approximately 21% of the electricity used at the WTP for a 30-year period. Since electric usage is a major expense for the Water Authority, insuring a stable rate will enable the Water

Authority to more effectively plan for the future.

In addition to the annual power savings, the installation of this system will provide free covered parking and lighting at all the new field operations and customer services facilities currently planned at WTP as well as some of the existing staff parking areas onsite. The site plan of the covered parking solar array illustrates the layout of these facilities. The new array for which approval is being requested is shown in blue, bottom center of the site plan. The existing array is shown in gray on the right side of the site plan.

FISCAL IMPACT:
There is no additional cost to the Water Authority associated with this contract. We are obligated to spend $ 350,000 per year towards renewable energy and this agreement provides for that payment to advance a larger scale project. The Water Authority agrees to purchase the electricity produced by Affordable for the contract's 30-year term. There is a provision for the Water Authority to purchase the facility at the end of the 30-year term, but that would require Board approval at that time.