Solar Energy & Economic Development Fund

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Solar Energy & Economic Development Fund

- An innovative business model designed to extend the market potential of collaborative procurement by creating a revolving fund mechanism to defer upfront costs for public partners.

- Funded by California Solar Initiative Research Design and Development Program
Silicon Valley Regional Solar Project Overview

Includes 43 sites
- Collaboration across 9 jurisdictions
- 14.4MW of combined solar PV

Multiple Site Types:
- Carports
- Rooftops
- Ground mounted

Largest multi-agency effort to date
- County of Santa Clara
- 6 Cities
- 2 Special Districts

LESSONS:
Aggregated purchase discounts 12%+
Reduced admin and transactions costs 50%+
Better negotiated contract terms & conditions
Collaborative Procurement

**Convener**
(Coordinates initiative, leads outreach to outside stakeholders)

**Lead Organization**
Drafts documents, leads procurement process, negotiates contracts in collaboration with participants

**Participants**
Contribute site data, negotiate contracts for own sites

**Technical Adviser**
(Creates optimal groups of sites, advises on solar industry trends, standards and best practices)
Demonstrated Collaboration Benefits

Based on successful initiatives and model in Silicon Valley and Washington DC Regions

- Achieve Strategic Sustainability Plans faster by working together
- Aggregation yields greater market interest and better pricing
- Working together yields lower project risks with higher returns
- Dramatically reduce transactions costs and administrative effort
- Consolidate fragmented efforts to pursue viable options
- Leverage regional initiatives for education and workforce development
- Demonstrate leadership locally, regionally and nationally
- Achieve energy goals while generating operational savings
- Shorten the long learning curve on new technologies and financing options
Design of SEED Fund

- Although collaborative procurement is attractive, upfront cost is still prohibitive for many public entities.
- SEED Fund is designed to address this barrier
  - A unique 3-step opt-in program to empower public agencies to evaluate and participate in a regional group purchase program for municipal solar PV projects.
  - Does not require upfront allocation of funds for project planning, site assessments, or procurement activities.
Participants

- Local government agencies and schools that are considering solar power for their facilities.
- Targeting Marin, Napa and Sonoma Counties
- Strategic Energy Innovations will act as convener
- Optony Inc. will serve as technical advisor
Timeline

Decision 1:
Review potential for solar development and proceed with viable projects

Informational meetings and webinars

Q2 2012

High-level review of potential sites for solar development

Q3 2012

MOU’s, site feasibility assessments, and development of RFP

Q4 2012

Evaluation of vendor responses and negotiation of contract terms

Q1 2013

Decision 2:
Evaluate economic and environmental benefits of solar installation for your facilities

Q2 2013

Council/Board approval of projects and start of design and construction activities

Q3 2013

Projects are interconnected and create green energy (and savings) for your facilities!
Goals of SEED Fund

• Bring at least 5 MW of new public PV on line
• Realize **10-12%** in total project cost savings
• Reduce transaction costs and administrative effort by **50-70%**
• Deliver collaboration support for 1-2% of total contracted solar project costs
• Secure agreements to build collaboration costs into solar contracts.
• Attract at least $250,000 in additional funding for long-term sustainability of the fund.
Program Sustainability

- CSI provides $$ for the initial fund
  - Program management and support for participating agencies and up to 50 potential sites
  - Technical assistance throughout the education, evaluation and procurement phases
- Savings anticipated for participating agencies
  - Project cost savings over 10% (ex: $20M in projects reduced by $2M)
  - Administrative and transaction costs reduced by over 50%
  - Project risks reduced (improve lifetime economic benefits and avoid “bad projects”)
- Replenishment of fund after contracts are signed
  - 1-2% of project value (ex: $20M in projects, recovers $300K)
  - Funding goes into future rounds of renewables and energy efficiency projects
Framework for Regional Collaboration & Fund

○ Revolving fund for technical assistance and program support
  ○ Fund to be used to overcome initial cost hurdle for support services
  ○ Replenished upon contract approvals for additional phases
  ○ Accelerates implementation and encourages participation

○ Collaborative Evaluation and Procurement
  ○ Standardized, market-leading resources made available to all participants
  ○ Evaluation and procurement templates for fast impact and rapid progress
  ○ Reduce the learning curve for participants through training materials and education
  ○ Group purchase and negotiations save money on all projects

○ Lasting Regional Impact
  ○ Create significant new economic activity and jobs
  ○ Demonstrate environmental leadership & education for the future
  ○ Potential participants in Marin, Sonoma, and Napa Counties
Discussion
Thank you!

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