

TO: Mayor and City Council

FROM: Gary Holm

DATE: October 16, 2020

RE: Request from Suncast Corp. to Install 1,230 KW Photovoltaic System
1801 Suncast Lane Facility (Public Utilities)

Suncast Corporation has submitted a permit application for installation of a 1,230 KW photovoltaic system at their 1801 Suncast Lane facility. Section 8-1B-19.A of the Ordinance states that *“Allowable small photovoltaic system will be ten (10) kilowatts capacity or less”*. The Ordinance allows for installations greater than 10 KW and indicates that they *“will be considered on a case by case basis”*. Staff is bringing this issue to City Council for consideration as a matter of policy because the size of the photovoltaic system proposed by Suncast is considerably larger than the established limit of 10 KW.

Background

The City has a power sales agreement in place with NIMPA that obligates the City to purchase 55 MW of power on a 24/7/365 basis. In 2019, and in every year prior, the total MWh of power provided by the NIMPA contract was in excess of the MWh consumed by the City. The City has no need in its portfolio for additional generation resources.

In 2017 a group of citizens approached City Council with a request to adopt a new net metering ordinance for small photovoltaic systems. In light of the NIMPA power sales agreement it was decided to include language in the ordinance to limit the size of solar systems to 10 KW or less. The ordinance also specified that it was applicable to residential and commercial customers, not industrial. In addition, language was included to limit overall capacity from solar system connections to no more than *“two percent (2%) of the City of Batavia system peak from the prior calendar year coming from such connections”*.

Since 2017 a total of thirty (30) residential and two (2) commercial customers have installed solar systems. The City’s Public Works facility, which is considered to be an industrial use, also has a solar system. The City’s installation occurred in 2011 and was grandfathered under the current ordinance. The connected solar capacity for all installations is 340 KW. The permitted capacity (2% of 2019 system peak) is 1,760 KW. If Suncast’s request is approved, then the remaining available capacity will be 190 KW (1,760 – 340 - 1,230).

Discussion

When considered on the whole, Staff is generally supportive of Suncast’s proposed solar installation; however, we’ve identified many pros and cons for you as policymakers to consider:

PROS

- Suncast is one of the City’s largest employers
- Suncast is one of the City’s largest electric utility customers
- Suncast is a valuable, long-standing corporate citizen and has pledged to remain in Batavia for years to come

- Suncast is adding solar to their facility to demonstrate their commitment to the environment
- The solar installation is being done in combination with expansion of Suncast's manufacturing capabilities
- The solar installation is being done at Suncast's sole cost (capital construction) with no request for financial assistance from the City
- The solar installation will provide short-term construction jobs
- Approval of Suncast's request would demonstrate a willingness on behalf of the City to retain and promote our current business community

CONS

- Batavia Electric's purchase power costs are determined by its agreement with NIMPA. Any savings achieved by an individual customer results in a proportional corresponding cost increase to all other customers
- The large scale of Suncast's proposed installation will result in minimal remaining solar capacity under the current ordinance. Staff anticipates that City Council will face pressure in the future to increase the percentage of solar permitted within our electric system.
- Suncast's installation would represent the first allowed for an industrial customer. Staff is concerned that other industrial customers will seek approval from the City to install their own systems. There are acres and acres of open roof area within the industrial park.
- Suncast's installation will serve to highlight Batavia's lack of ability to embrace and promote renewable energy resources for our customers. Batavia is not in a financial position, given its contract with NIMPA, to be able to promote alternative generation resources within our electric system.
- As a municipal electric utility Batavia is not currently required to meet any renewable energy portfolio standards. Proposed legislation could obligate Batavia to meet renewable standards. Suncast's proposed installation, and other other private installations, would not count towards Batavia's obligations because they would be considered behind-the-meter and not part of the electric utility system.

There is a precedence for allowing systems in excess of 10 KW. Currently there is one residential system that is 24 KW and there is one commercial system that is 40 KW. The City's Public Works system is 25 KW. There are no systems of the magnitude proposed by Suncast.

To date, no industrial customers have been allowed to connect solar. The City's Public Works system was grandfathered in and would not be allowed under the current ordinance.

Staff is seeking policy direction from City Council regarding whether or not Suncast's proposed 1,230 KW solar system should be allowed.