



Guide for Participants in SWVA Commercial-Scale Solar Group Purchase Program





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The Solar Workgroup of Southwest Virginia (SWVA) is excited to announce an opportunity for businesses, government, and nonprofit entities to go solar and save money on electricity bills through its second Commercial-Scale Solar Group Purchase. This guide provides an overview of the program, which is offered free of charge.

Who is the Solar Workgroup of Southwest Virginia?

The Solar Workgroup of Southwest Virginia (Workgroup) is a group of nonprofit and community action agencies, colleges, state agencies, planning district commissions, and other interested citizens and businesses seeking to develop a renewable energy industry cluster in the seven coalfield counties of Southwest Virginia (SWVA). The Workgroup was co-convened in 2016 by the UVA-Wise Office of Economic Development & Engagement, People Inc., and Appalachian Voices, with facilitation assistance from Dialogue + Design Associates. Additional background information is available at swvasolar.org

There are four key goals of the Solar Workgroup:

1. Identify policy changes that will make a more favorable environment for the development of a solar industry in SWVA;
2. Utilize existing supply chains and workforce in the region in the development of prioritized projects, and work with area community colleges and other groups to further develop our region's ability to meet future demand;
3. Identify and develop sites in the region that are ideal for solar development, emphasizing projects that can be "ambassadors" of solar energy; and,
4. Perform outreach and education to our local and regional leaders and the community at-large to communicate the benefits of solar energy development.

The final page of this guide contains a recent infographic with updates on our progress to achieve these goals.

What is the SWVA Commercial-Scale Solar Purchase Program?

The Solar Workgroup is facilitating a group purchase program to solicit bids for solar development on sites Southwest Virginia. Through a coordinated partnership, we have assembled a team with expertise in commercial-scale solar development to assist building owners and decision makers through the procurement process. **A key objective is to identify financing options that require no up-front costs for building owners and that are cash-flow positive from day one.** We anticipate the best way to achieve this objective is by utilizing third-party financing and ownership models, generally called "solar services agreements."

Our approach is to bundle projects together in a Solar Cohort, meaning each solar installation will remain an independent project, but that a single solar installer will be selected for all projects in the Cohort. This approach increases the bargaining power of building owners, driving down costs. It will also provide more leverage to negotiate contract requirements that address

priorities identified by the Workgroup, such as using the local workforce and providing internship opportunities for local students. Finally, the Cohort approach streamlines the process from a project management perspective, allowing building owners to compare notes and address challenges together as we navigate this process.

Group purchases have been used before in our region to install commercial-scale solar, and the Workgroup successfully facilitated a Group Purchase for six buildings in 2018. We recognize that each building owner will have a unique set of needs and constraints, and we look forward to creating a detailed project plan that will be beneficial for all parties involved.

Benefits of going solar through the Solar Group Purchase Program

- Free solar assessments. The Solar Workgroup will provide free solar assessments for buildings interested in participating in the 2019 Commercial-Scale Solar Cohort.
- We do the procurement for and with you. This program is a partnership between the Solar Workgroup and building owners. We will rely on your involvement at key points in the process to ensure the selected providers are the best fit for your organization. However, the Workgroup finds and vets interested installers and collect quotes for your installation. The Solar Workgroup will create and facilitate the developer RFP process, modeled after the successful 2018 process. All Group Purchase meetings, publications, advertisements, events, and responses will be independently facilitated by the Solar Workgroup.
- Free consultation from solar experts. Free Virginia solar policy assessments, legal analysis, and solar development and financing consultations are provided by Southern Environmental Law Center Associate attorneys, Appalachian Voices, paleBLUEDot, and other consultants.
- Peer support. You will be going through the process in a peer cohort. This gives you the opportunity share ideas and lessons learned with other organizations to improve the experience for all participants.
- Reduced installation costs. You will receive reduced development and procurement costs. By grouping multiple projects together and reducing marketing costs for the installers, the chosen installer is able to reduce the cost of installation for the participants.

What Can You Expect as a Participant of the Group Purchase Program?

Solar installers will be invited to bid on the RFP and the Solar Workgroup will facilitate the decision-making process with participating building owners to select an installer (or team of installers) to complete installations. The Workgroup will provide analysis and feedback on proposals, but will not be a voting member of the cohort.

Group Purchase Proposed Timeline

- Soft deadline for expressing interest in participation: February 15
 - Deadline for joining Solar Cohort: March 15
 - RFP release date: April 1
 - Site tours and pre-bid meeting: April 9-10
 - RFP Responses due: May 1
 - Review of responses by Solar Cohort: May 1 - May 8
 - Interviews: May 13 – May 24
 - Award: May 31
 - Contract negotiations begin: June 1
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What is Required to Participate?

Participating building owners or project representatives will be asked to:

- Provide crucial information for the project site, including 12 consecutive monthly utility bills, all applicable utility tariffs, building designs, and other unique circumstances and interests for the site
- Participate in a Cohort conference call in March prior to RFP release (approximately 1 hour)
- Review and approve RFP prior to release by April 1 (approximately 2 hours)
- Provide a point-of-contact (e.g., maintenance director) for a site tour in April (approximately 1 hour)
- Attend a conference call regarding the short-list of the top bidders (approximately 1.5 hours)
- Attend in-person interviews (1 day), review RFP submissions (approximately 2-4 hours), and help select a solar developer to award the bid to (in mid-May 2019)
- Participate in RFP teleconferences or phone calls, as needed, to discuss unique project challenges and concerns specific to your building
- Once the RFP cohort has selected the developer, each organization will then enter negotiations for individual contracts for their specific buildings. Solar Workgroup members will remain available as a resource if requested at this point.

Good Faith Agreement

To maintain the integrity of the Solar Group Purchase Program, we have established the following guidelines for participation. Should your building/organization move forward as an RFP participant, we will ask that you follow these guidelines in good faith.

- Please identify an individual with the time and capacity to be the lead point of contact on this project and ensure that other individuals within your team are supportive of the process. See above section for details on time commitment.
 - In most cases, the best deal will come by pooling demand through a “group purchase,” though each building will negotiate its own individual contract. We ask that RFP participants strive to reach consensus through our facilitated process when selecting a single solar developer.
 - There is no obligation to take any action unless and until a contract is negotiated between your organization and the solar developer. Participation in the RFP process is voluntary and may be rescinded at any time.
 - By joining the RFP cohort, we ask that your organization have sincere intentions to install solar, assuming that a satisfactory proposal is made and contract negotiated.
 - Please designate an individual who will review and score RFP proposals and participate in the interview/selection process (this can be the same person as your project lead).
 - We ask that you not engage with other solar developers during the RFP period outside the facilitated process. The Solar Workgroup will act a liaison between developers and building owners to reduce repetitive or unwanted requests.
 - The facilitated RFP process runs from initial site assessment, through RFP release and review, to the selection of a single solar developer. Once the RFP cohort has selected the developer, each organization will then enter negotiations for individual contracts for their specific buildings. Solar Workgroup members will remain available as a resource if requested at this point. Prices provided by developers will be valid for 60 days after a selection has been made and each organization is asked to engage within this timeframe.
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Benefits of Solar for Your Organization

Lower energy bills

Especially when paired with energy efficiency, using solar panels to generate your own electricity throughout the year will significantly reduce the amount of energy you consume from the utility company, thus lowering your monthly energy bill. The selected installers will work with your organization to design a system that will be cost effective.

Local workforce and economic development

The selected solar installer will contract with local workforce wherever possible in the installation of cohort projects, providing training opportunities and jobs for the local economy. Through this Group Purchase Program, the Solar Workgroup is capitalizing on SWVA's vast, well-documented solar potential that is virtually untapped. Solar creates more jobs per unit of energy output than any other electric generating technology and already contributes a significant number of jobs to Virginia and its neighboring states.

There is great potential to create significant job opportunities with increased solar development in the region. In 2017, the Workgroup commissioned an economic impact analysis of solar development in SWVA through 2027. As shown Figures 1 and 2 below, commercial-scale solar has the potential to create 10.8 jobs per MW of electrical capacity installed. The residential and commercial solar development scenario modeled in the report would generate approximately 43 steady, full-time jobs, including project development jobs, onsite jobs, module and supply chain jobs, and induced jobs. The utility solar development scenario would generate an additional 212 jobs per year, on average, over the decade. Earnings would total approximately \$68,000 per year per worker, or \$17.4 million total—including residential-, commercial-, and utility-scale solar installations. This would represent a 0.5% employment increase in SWVA alone.

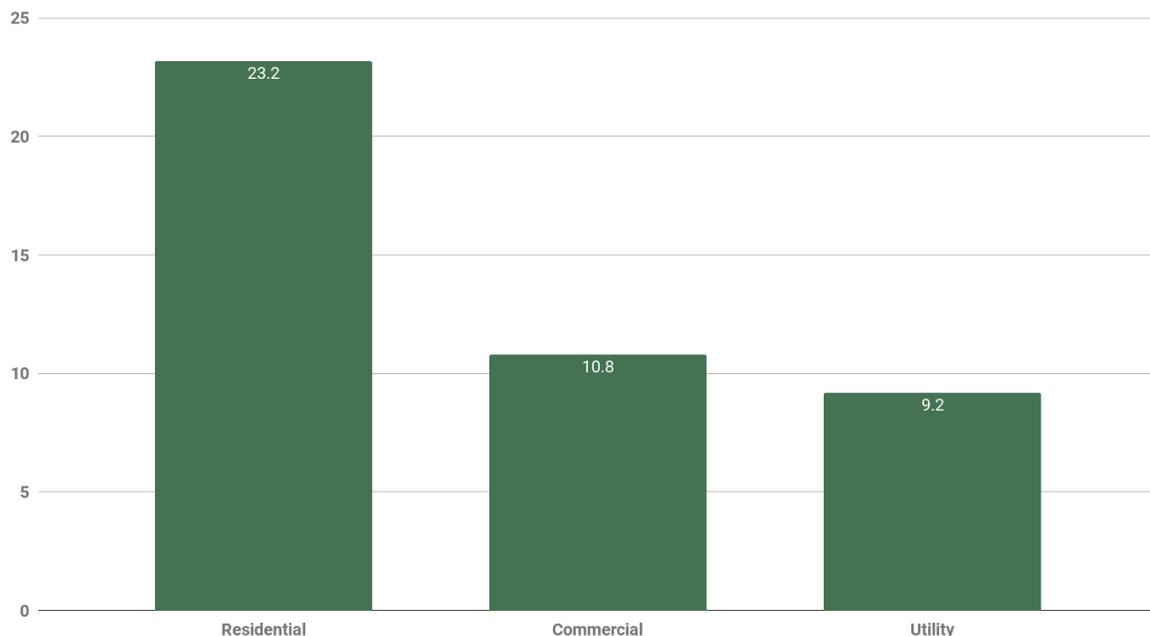


Figure 1: Jobs per megawatt

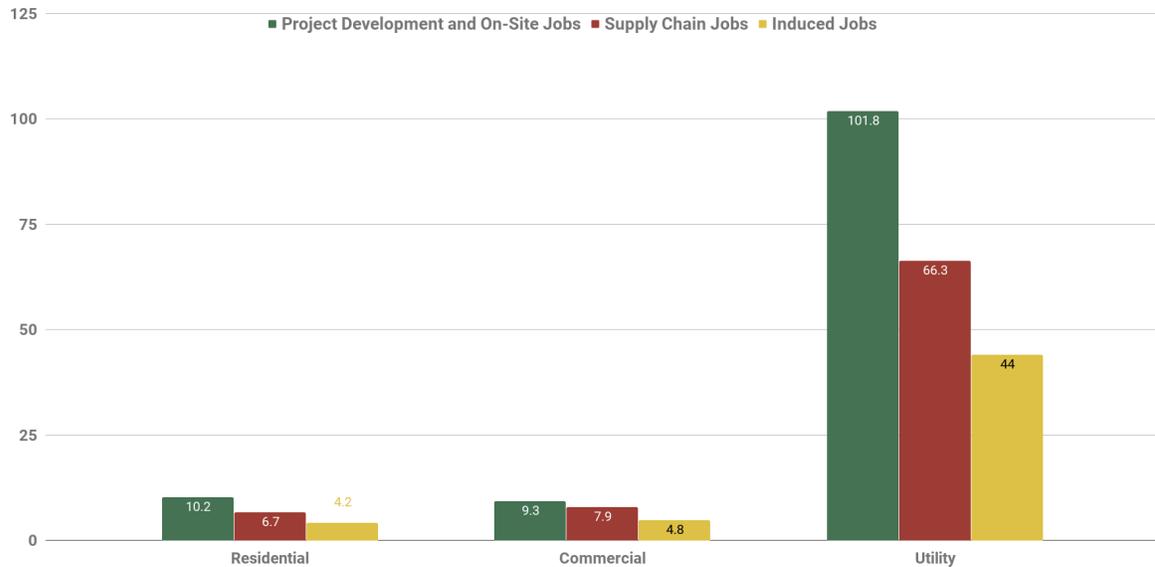


Figure 2: Average annual jobs created

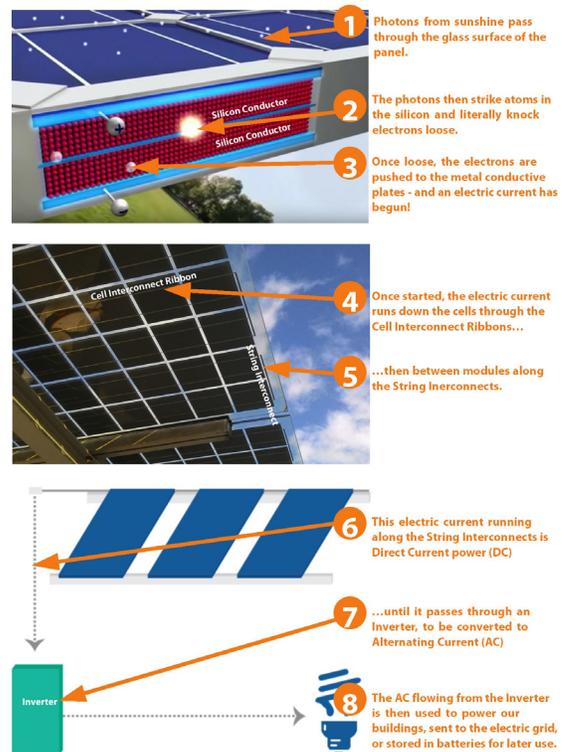
Educational benefits

Solar systems, especially those installed on public buildings, can provide opportunities for students and residents to learn about a growing industry and energy resource. As the solar industry grows in Virginia and across the country, it is beneficial to provide these solar educational opportunities to SWVA’s youth to spark interest in a growing job market.

How Does Solar Work?

Solar panels are installed on your organization’s roof or on nearby land. The electricity generated by the system is used first by your building. If your building is using more electricity than the system is producing at any point in time, your utility provides the remainder of your electricity needs. In the event that your solar system is generating more electricity than your building is using at any point in time, the electricity goes out onto the electric grid and is used by other utility customers. That excess electricity is credited to your organization’s utility bill against electricity your organization uses at other times during the month—a process referred to as “net metering.”

From The Sun To Your Outlet In 8 Steps



System Ownership Options

Third-Party Ownership

Third-party ownership models allow a developer to own the solar system on your roof. The building owner then pays the developer for the electricity created in monthly increments until the cost of the project is paid off. For nonprofit or government entities that cannot claim tax credits associated with the installation, this ownership model allows the developer to claim those credits and pass on benefits to the building owner through lower monthly payments.

At the end of a third-party ownership contract, a customer and the system owner generally have three options:

1. The customer may purchase the system at fair market value and enter an operations and maintenance contract with a solar installer.
2. The customer may request that the solar installer removes the solar panels.
3. The customer may extend the term of the contract on a year-to-year basis.

Direct Ownership

If an entity has the available funds, buying a solar system outright is an option. If you buy the system, you can claim the associated tax credits and other incentives for yourself.

Available Incentives

Business Energy Investment Tax Credit (ITC)

A tax credit is a dollar-for-dollar reduction in the income taxes that a person or company claiming the credit would otherwise pay the federal government. The ITC is 30% of the amount that is invested in a solar installation that begins construction in 2019. As long as either (1) installers have started physical work of a significant nature or (2) the project owner has paid or incurred at least 5% of the total cost of the facility by December 31, 2019, the project is eligible for the 30% tax credit. After 2019, the ITC steps down to 26% for projects installed in 2020, 22% for projects installed in 2021, and 10% for projects installed after 2021.

Modified Accelerated Cost-Recovery System (MACRS)

Expenditures that qualify for the ITC also typically qualify for accelerated depreciation through the MACRS program. MACRS is a method of depreciation in which a business' investments in certain tangible property are recovered, for tax purposes, over a specified time period through annual deductions. MACRS depreciation is an important tool for businesses to recover certain capital costs over a property's lifetime. Allowing businesses to deduct the depreciable basis over five years reduces tax liability and accelerates the rate of return on a solar investment. This has been a significant driver for the growth of the solar industry.

USDA's Rural Energy for America Program (REAP)

REAP provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for renewable energy systems and/or energy efficiency improvements. Those eligible for REAP grants and loans include agricultural producers with at least 50% of gross income coming from agricultural operations and small businesses in eligible rural areas.

Learn More

Additional information about solar energy, available incentives and resources, and solar in SWVA is online at the Solar Workgroup website at: swvasolar.org. You may also contact Chelsea Barnes, New Economy Program Manager at Appalachian Voices, at chelsea@appvoices.org or (276) 207-9636.

SOLAR WORKGROUP OF SWVA

The Solar Workgroup of Southwest Virginia was formed as a result of the 2016 SWVA Economic Forum hosted by UVa-Wise. The mission of the Solar Workgroup is to utilize the development of solar energy as an economic catalyst in the seven-county region of Far Southwest Virginia.

Goals

- 1 Identify and develop sites that are ideal for solar development, especially solar "ambassador" projects;
- 2 Grow workforce development and entrepreneurship opportunities to advance solar projects and maximize local benefits;
- 3 Expand education and outreach in communities and with local leaders around solar benefits and opportunities;
- 4 Promote policy changes that will help grow the solar industry in Southwest Virginia.

Done

2016-2018

Develop a list of possible solar sites, and begin solar site assessments after prioritization;

Doing

mid-2018

Finalizing solar assessments and moving towards implementation;

Will Do

late 2018-2019

Begin construction and implementation of ambassador sites;

Collectively map out workforce and economic development opportunities, creating attainable goals;

Crafting strategies and partnerships to address identified opportunities which will be detailed in the Roadmap;

Finalize the Roadmap with strategies and recommendations for furthering solar development in SWVA;

Hold first annual Solar Fair and support Solarize Wise launch;

Expanding Solarize Wise outreach and Solar Workgroup membership;

Present a regional model for scaling solar development;

Listened to policy specialists' recommendations, and discuss possibilities.

Developing policy recommendations based on current legislation and resource.

Present solar policy recommendations as a toolkit for expanding economic development.

www.swvasolar.org