



Energy Services Department

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September 9, 2004

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RE: BPA Conservation & Renewable Discount Program

Funding Authorization - Ellensburg's Community Solar Electric Project

Dear Mark,

In April of 2004, the Ellensburg City Council authorized the staff at the Northwest Solar Center/WSU's Energy Extension Program, to develop a community-based, highly visible, grid-connected, centralized solar electric project in Ellensburg that will give our customers an opportunity to invest in locally produced clean electricity.

The primary source of funding for this proposed 24 KW (80 solar panel) RD&D project will come from a community partnership between the Utility and its customers. In Ellensburg's community investment model, the utility will administer and promote the project. Investments made by utility customers will go primarily to covering the cost of solar modules, while the utility will be responsible for all other project costs, such as infrastructure, operations and maintenance, design development and marketing.

If the solar RD&D is successful, the utility would like to continue the program and expand the system to 165 kW over the next 5-10 years. The utility would like authorization by the RTF to utilize Ellensburg's C&RD funds to serve as the base funding for the project. The City will meet the two criteria stated in the Implementation Manual:

1. The performance of the project is measured on at least monthly interval.

Unique to this project, the customers that invest in the Ellensburg's Community Solar Electric Project will become equity holders. As an equity holder, they will be entitled to the value of the proportional share of the kWh output generated by the Project and any other costs avoided by the Utility as a result of the local generation of electricity such as peak transmission and peak power charges. Utility customers will receive a credit on their electricity bill for the wholesale value of the kWhs and any avoided costs. The customer's credit on their bill will be calculated from the metered output of the system each month.

2. The system performance is reported to the public via the world-wide-web as well as local reporting mechanisms

System performance will be monitored through a web-based monitoring system provided by Fat Spaniel Technologies (or something similar) that will monitor each

inverter individually and display the system's real-time performance on the Internet for the Utility, investors, and interested individuals to see.

The estimated C&RD funding needed to cover the City's base funding costs is \$172,000. The City is, however, actively pursuing grants and donations from both public and private entities to help cover some of these costs. Any funds the City receives from this effort will not be claimed under C&RD. The City will also use community volunteers to further lower the City's costs.

Presently, letters of inquiry are being sent out to organizations such as the Department of Energy's (DOE) Million Solar Roofs Program, the Bonneville Environmental Foundation (BEF) and the Seattle Foundation for additional project funding. Notification on the status of these applications is anticipated before the end of the year.

Ellensburg is in the final stages of launching our Pilot Residential "Energy Star" Lighting and Appliance Program as well as our RD&D Community Solar Photovoltaic Project. Over the next two years these two projects along with our commercial lighting programs will be the primary conservation and renewable efforts for the City. If successful, the City plans to continue and expand both programs beyond 2006.

Attached please find a short description of the entire solar project that gives more detailed information on the project goals, estimated cost and potential funding sources. The utility would like to present our solar proposal to the City Council for approval in October. BPA's authorization to use C&RD funds for the project is required by the utility prior to our presentation to the Council.

Please let us know if I can provide any further information.

Sincerely,

Gary Nystedt
Resource Manager
City of Ellensburg

(509) 962-7245

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