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Solar Energy Top 10: What Schools Need to Know



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Solar Energy Top 10: What Schools Need to Know

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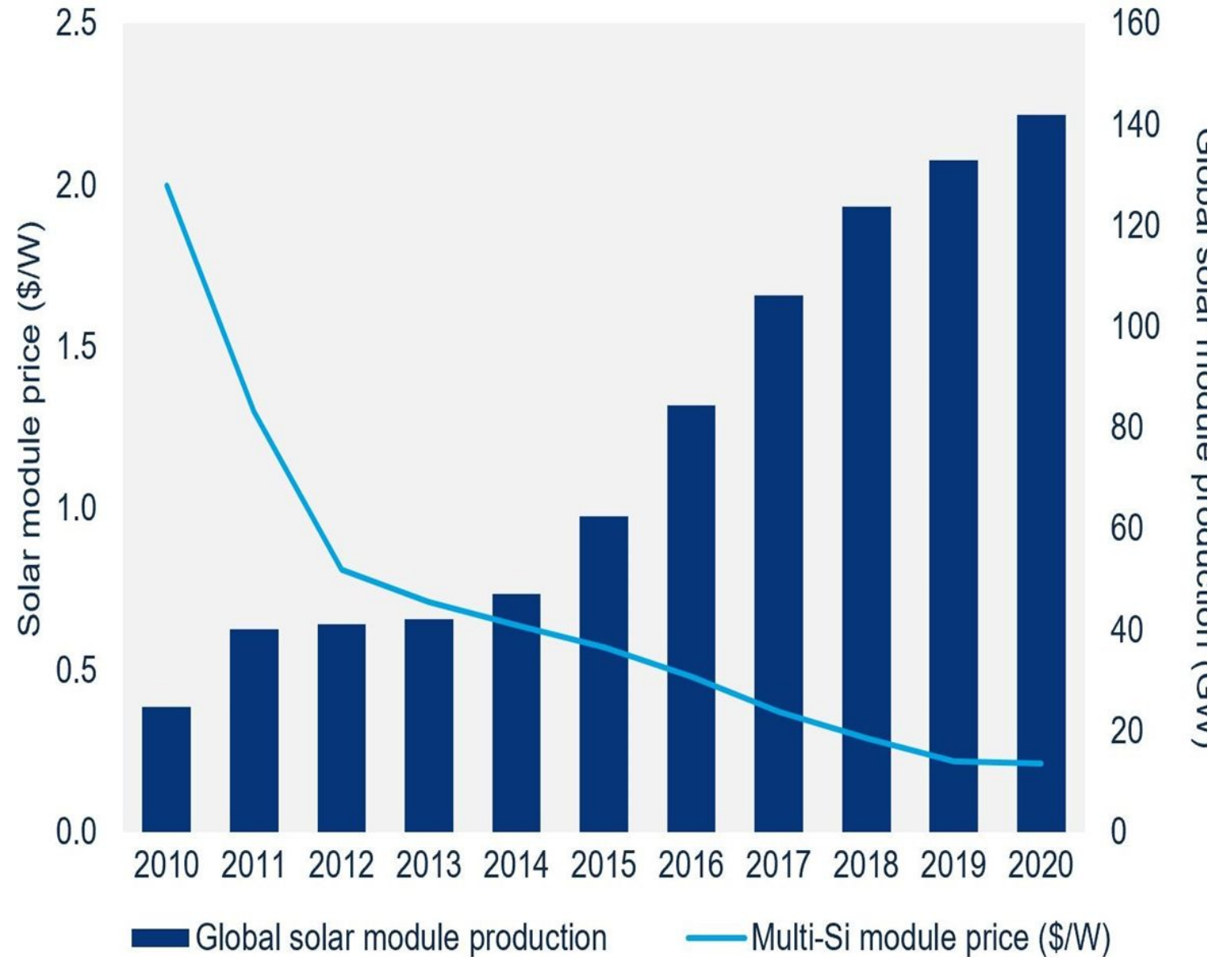
Why go solar?

Growth of solar development

- Deregulation of electricity industry
- Advancements in solar technology/falling solar panel costs
- Increased attention on on-site generation; resiliency and reliability
- Increased attention on climate change

Price of solar panels over the past decade

- Dramatic fall in solar costs



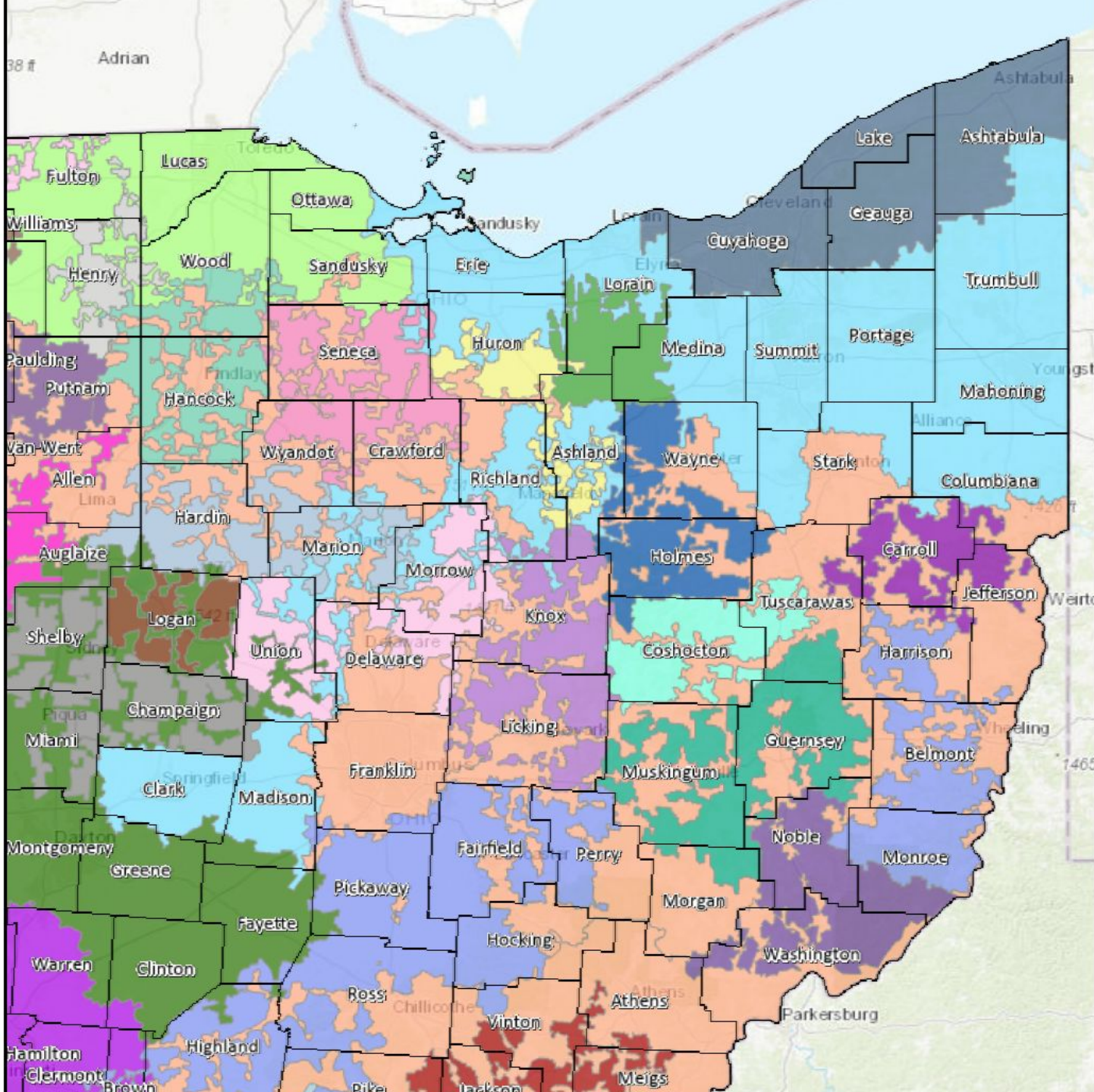
Top Ten List



Solar Top Ten



1. Utility territory
2. Assessment of energy usage/needs
3. How PPA works/alternatives
4. Selecting provider
5. Selecting location
6. Interconnection/net-metering
7. Easement/land rights
8. Common contract issues
9. Operation and maintenance
10. Buy-out/purchase of array



1. Utility territory

Map of Ohio's various electric utilities

1. Utility Territory

- Three types of electric utility territories
 - PUCO regulated electric utilities
 - Electric cooperatives
 - Municipal utilities
- Important differences
 - PUCO – interconnection/net metering better defined; legal rights clearer
 - Municipal/Cooperatives – depends on utility

2. Assessment of usage/energy needs



2. Assessment of usage/energy needs

- Consideration of other energy savings opportunities
 - Energy efficiency measures?
 - Energy procurement options?
- Assessment of usage
 - Working with potential developer to determine usage patterns
 - Cost-benefit analysis



How a PPA works/alternatives

- PPA
- Direct purchase
- Leasing

3. How a PPA works/alternatives



- What is a PPA (purchase power agreement)?
 - Positive
 - No upfront costs
 - No responsibility for operation and maintenance
 - Obtain guaranteed savings
 - Negative
 - Typically don't own renewable energy credits ("RECs")
 - PPA model may cause potential hurdles in municipal or cooperative territories

3. How a PPA works/alternatives



- Direct purchase
 - Upside
 - Potential to maximize value of self-generation
 - Downside
 - Responsible for maximizing tax benefits, renewable energy credit value
 - Responsible for operation and maintenance
 - Tax-exempt entities cannot take advantage of the Investment Tax Credit
- Leasing
 - Similar to PPA – but no purchase option

4. Selecting a provider

- Experience with school projects
- Parent company
- Experience with your electric utility
- Use RFP process



5. Selecting a location

- Long-term commitment (10-25 years), so select wisely
- Choosing site with no shading; optimal sun exposure
- Installer should help determine optimal location

5. Selecting location

- Schools often have benefit of having open land to site solar facility
- If solar facility is located on the roof, may raise certain construction considerations (e.g., does the project need to be competitively bid?)



6. Interconnection/net- metering

- How will you connect the solar generation facility to utility's grid?
- Will you be compensated for any extra electricity you generate but don't use?

6. Interconnection/net-metering



Interconnection process

- PUCO regulated electric utilities
 - Ohio Adm. Code 4901:1-22-04 – Interconnection Services
 - Establishes uniformity for the process of requesting interconnection, performing necessary upgrades, and entering interconnection agreements
 - Process also governed by utilities tariff
- Municipal utilities and electric cooperatives
 - Depends on particular utility
 - May be limitations on 3rd party ownership; limits on system size

6. Interconnection/net-metering

Net-metering

- Net-metering is a billing mechanism that credits solar energy system owners for the electricity they add to the grid.
- Goal of solar system is to reduce or completely off-set electricity purchases from utility with self-generation
- Net-metering addresses the potential value of excess electricity generated by the solar system



6. Interconnection/net-metering

Net-metering

- PUCO regulated utilities
 - Ohio Adm. Code 4901:1-10-28 – Net-metering
 - Uniform rules
 - Clarity in utility tariffs
 - Limit on excess generation
- Municipal utilities and cooperatives
 - Depends on particular utility

7. Easement/land rights

- Developer will need access to school's property to operate and maintain the solar facility
- Potential negotiation of real estate documents to allow for construction, operation, and maintenance of facility
 - Ground lease
 - Easement
 - License agreement

8. Common contract issues

- Indemnity clauses
 - Schools shouldn't indemnify provider, but needs to be indemnified
- Assignment provisions
 - Approval needed before assigned; assignee qualified to operate provision
- Environmental issues
- Insurance coverage



8. Common contract issues

- System performance guarantees
- Confidentiality provisions
 - Remember public record requirements
- Dispute resolution provisions
 - Avoid mandatory arbitration
- Buyout provisions

9. Operation and maintenance

- Need clear terms on ongoing operation and maintenance responsibilities
- Reports regarding ongoing operation of facility
- Terms of contract should address any required coordination for maintenance
- Are background checks needed for individuals working on the solar facility?
- Inclusion of term addressing shut-off in cases of emergency

10. Buy-out/purchase of array

- Clause defines the process for selling at the end of term
 - How will value be determined?
 - Independent appraiser determine fair-market value?
- Some contracts allow for potential purchase at different periods during the term
 - E.g., the contract has 20 year term; provided opportunity to purchase every five years
 - Important to analyze economic benefit of buying out the contract; requires consideration of solar PPA payment prices, current utility rates, and current costs of solar

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