

BCC INFORMAL REGULAR SESSION

DATE: Wednesday, June 3, 2015

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County Commissioners Association of Ohio Service Corporation

administering service programs of the County Commissioners Association of Ohio

209 East State Street • Columbus, Ohio 43215-4309
Phone: 614-221-5627 • Fax: 614-221-6986
Toll Free: 888-757-1904 • www.ccao.org



CCAOSC GOVERNMENT AGGREGATION ELECTRIC PROGRAM

In 2010 the County Commissioners Association of Ohio Service Corporation (CCAOSC) successfully assisted various counties and townships in placing electric opt-out governmental aggregation on the ballot within the First Energy utility distribution territory. Since that time, 25 counties served by other electric distribution utilities, have joined the electric governmental aggregation program.

The CCAOSC is not a CRES or a governmental aggregator. It is providing shared services at the request of its member counties that are interested in saving consumers money. Under this program, if the voters approve any opt-out aggregations the contracting entity with the CRES will be the individual county. These programs have provided substantial savings to both residents and small businesses, in each county.

To further explain this program and the benefits that the county and its residents could receive, representatives from the CCAOSC and/or Palmer Energy Company would like to set up an appointment as soon as possible. Please contact Suzanne Dulaney, CCAO Executive Director, at (614)-220-7977 sdulaney@ccao.org or Kirkland Mizerek, Executive Vice President with Palmer Energy Company at 419-349-5990 kmizerek@palmerenergy.com



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CCAOSC ELECTRIC PROGRAMS

The CCAOSC has partnered with Palmer Energy Company to help manage an electricity program for member counties. The program was designed specifically to help counties save money on their electric bills at county related facilities by utilizing the strength of group buying. By grouping together, counties can leverage their buying power when shopping the market, thus securing the best deals possible. The independent energy professionals of Palmer Energy Company, on behalf of the CCAOSC, obtained the best price for electricity from various reputable suppliers through the RFP process. Presently there are 50 participating counties. For more information on these electric programs, please contact Suzanne Dulaney, CCAO Executive Director, at (614) 220-7977 or sdulaney@ccao.org or Kirkland Mizerek, Executive Vice President of Palmer Energy Company, at (419) 349-5990 or kmizerek@palmerenergy.com.



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CCAOSC NATURAL GAS PROGRAM

The CCAOSC partnered with Palmer Energy Company to help manage a natural gas program for member counties. The program was designed specifically to help counties save money on their natural gas bill by utilizing the strength of group buying. By grouping together, counties can leverage their buying power when shopping the market, thus securing the best deals possible. The independent energy professionals of Palmer Energy Company, on behalf of the CCAOSC, obtained the best price for natural gas from various reputable suppliers through the RFP process. Monthly advisory committee meetings are held for oversight purposes regarding the natural gas program.

Presently there are 51 counties participating in the natural gas program. For additional information contact Suzanne Dulaney, CCAO Executive Director at (614) 220-7977 or sdulaney@ccao.org or Kirkland Mizerek, Executive Vice President of Palmer Energy Company, at (419) 349-5990 or kmizerek@palmerenergy.com.



TO: CCAO Energy Committee

FROM: CCAO Service Corp. & Palmer Energy

SUBJECT: Solar Energy Supply Opportunity

EXECUTIVE SUMMARY. A number of Counties have been approached about the installation of a solar array for their facilities. As the Consultant for the CCAO Energy Program, Palmer Energy wanted to assist in determining the following:

- a) Would it make economic sense for the Counties to install at the desired locations;
- b) What types of locations may be potential candidates for such a project; and
- c) What benefit would the CCAO bring to its members by collectively bidding facilities and working through the contractual issues?

An initial analysis was performed to begin answering these questions, identify potential customers of different consumption patterns and identify the variable costs and potential savings associated with installing a Photovoltaic (PV) system. Based upon the current market, an average variable price potential for a power purchase agreement was calculated to be between 6.5 and 7.0 cents per kWh. After adding the potential generation capacity benefits, Palmer Energy determined that this price may be economically feasible for some County facilities and moved forward with a detailed analysis.

To create a more in-depth analysis, Palmer Energy used a hypothetical large-sized customer and calculated costs with and without solar generation output. Based upon the cost estimates obtained, current pricing available, and necessary assumptions, Palmer estimates that an average annual electric savings of about 10% through the projected life of a solar installation is possible for such a customer. Palmer Energy also evaluated the potential developer's economic opportunities and their areas of risk to assess their likely interest in such installations. The cash and accrued economic impact for the solar developer were also calculated. Based upon the positive results of this analysis and the assumptions listed in Attachment B, it appears likely that solar developers would be interested in pursuing solar array installations for various Counties, either individually or through a new section of the CCAO program.

Fundamentally, a solar array would not only provide costs savings, but would act as a risk management tool to hedge a portion of the customers' long-term electric costs. Fixing a significant portion of a facility's power supply costs at competitive prices over the long term can be a reasonable option. Overall, Palmer Energy anticipates potential savings for Counties in a properly crafted power purchase agreement and significant profit opportunity for the developer provided a number of fundamental assumptions remain valid over the next few years.



Strong Solar Array Candidates

- Monthly Peak demands of greater than 200 kW or annual use in excess of 500,000 kWh.
- Solar electric output must feed directly into a County facility.
- Land available to construct an array either on the current property or close enough so power can flow directly into the facility.
- County is interested in fixing a portion of supplies for a facility at a known price for the long term.

Potential Benefits

- Reduction or elimination of generation capacity portion of third party supplier costs.
- Fixing a portion of power supplies for the long term at a known price.
- Overall lower costs for power supplies.
- If power prices rise faster than contracted additional savings would accrue.

Potential Risks

- Power prices are static or fall diminishing or, perhaps, eliminating the savings.
- Solar developer cannot perform or goes bankrupt during the term of the agreement.
- Regulatory change impacts the savings potential during the agreement's term.

CCAO Assistance

- Combine Counties interested in pursuing.
- A large RFP sent to multiple developers.
- Assistance with contracts to help minimize risks and maximize opportunities.
- Evaluate the potential and tell County if savings is likely.
- Make recommendations on benefits and risks to County officials.