



City of Fort Bragg

NEM2 Solar PV Project



June 10, 2024

AGENDA

1. NEM 2 Solar Opportunity
2. Inflation Reduction Act (IRA)
Incentives
3. Process and Timeline
4. Project Overview
5. Next Steps



Installing Solar PV Ahead of Net Energy Metering (NEM) 3.0

Why is This Important and What Does it Mean?

What is NEM 3.0?

On December 15, 2022, the California Public Utilities Commission (CPUC) unanimously voted to approve NEM 3.0

NEM 3.0 drastically alters the way solar system owners are compensated for the energy they generate and provide to the utility grid, lowering the value that owners are able to capture with their new solar systems.



What Does This Mean?



- ▶ The previous program (NEM 2.0) export rate was **\$0.30/kWh**
- ▶ Potential reduction in compensation ranges from 75 - 80%
- ▶ Under NEM 3.0, PG&E customers with solar systems will receive only **\$0.08/kWh** on average for the same energy they've been providing to the utility grid

City of Fort Bragg has locked in the lucrative NEM 2.0 tariff by successfully submitting Interconnection Applications ahead of the 4/14/23 deadline

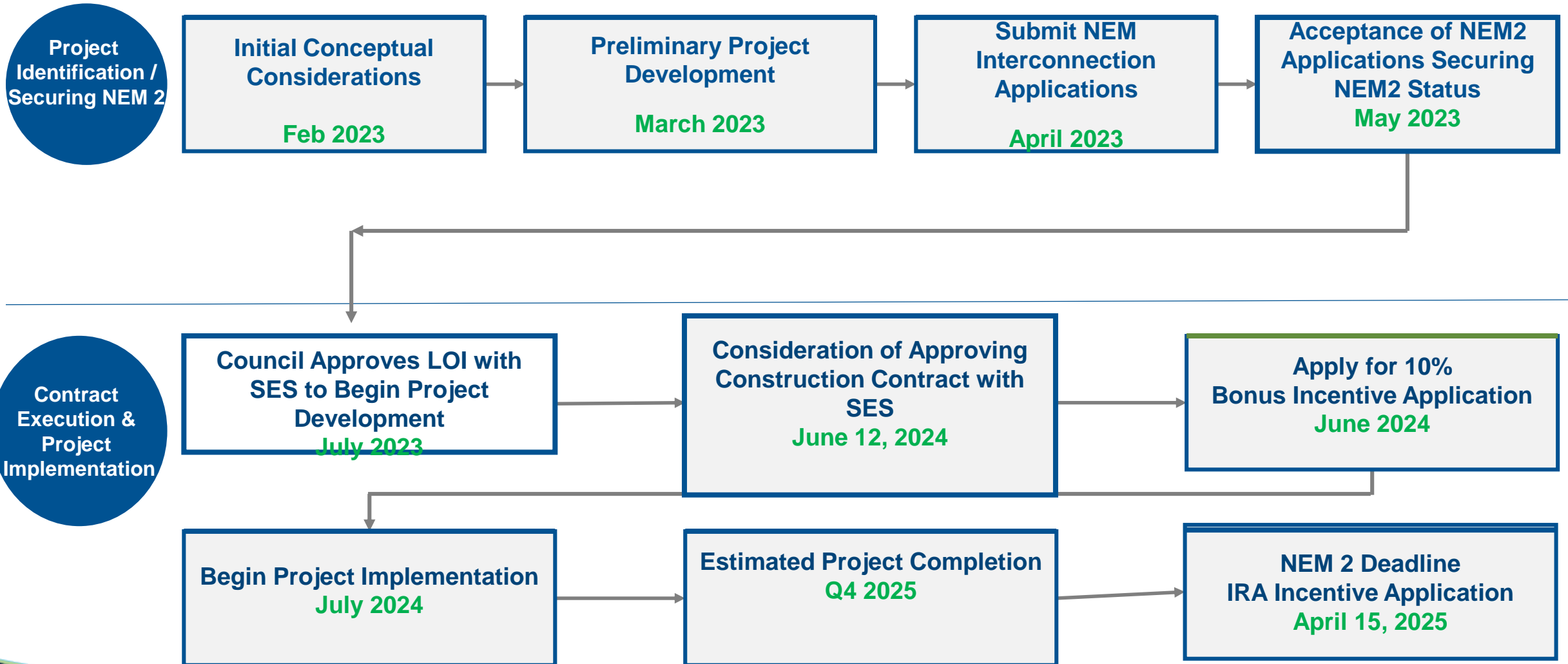
In order to preserve NEM 2 status for at least 20 years, the systems must be built and connected to the grid by 4/15/2026

Inflation Reduction Act (IRA)



- Available through Inflation Reduction Act (IRA)
- Called a “tax credit”, awarded as a rebate via Direct Deposit
- Paid out at Completion of Project
- Direct-Pay “Base” Incentive = 25.5% Off Solar Project Costs
- Additional Low-Income Bonus Incentive = 8.5% Off Solar Project Costs
Must apply by June 27, 2024 for Low-Income Bonus Incentive
City must be under contract for project implementation in order to apply

Process and Timeline



Project Summary Financials

(2) IRA Incentive Scenarios



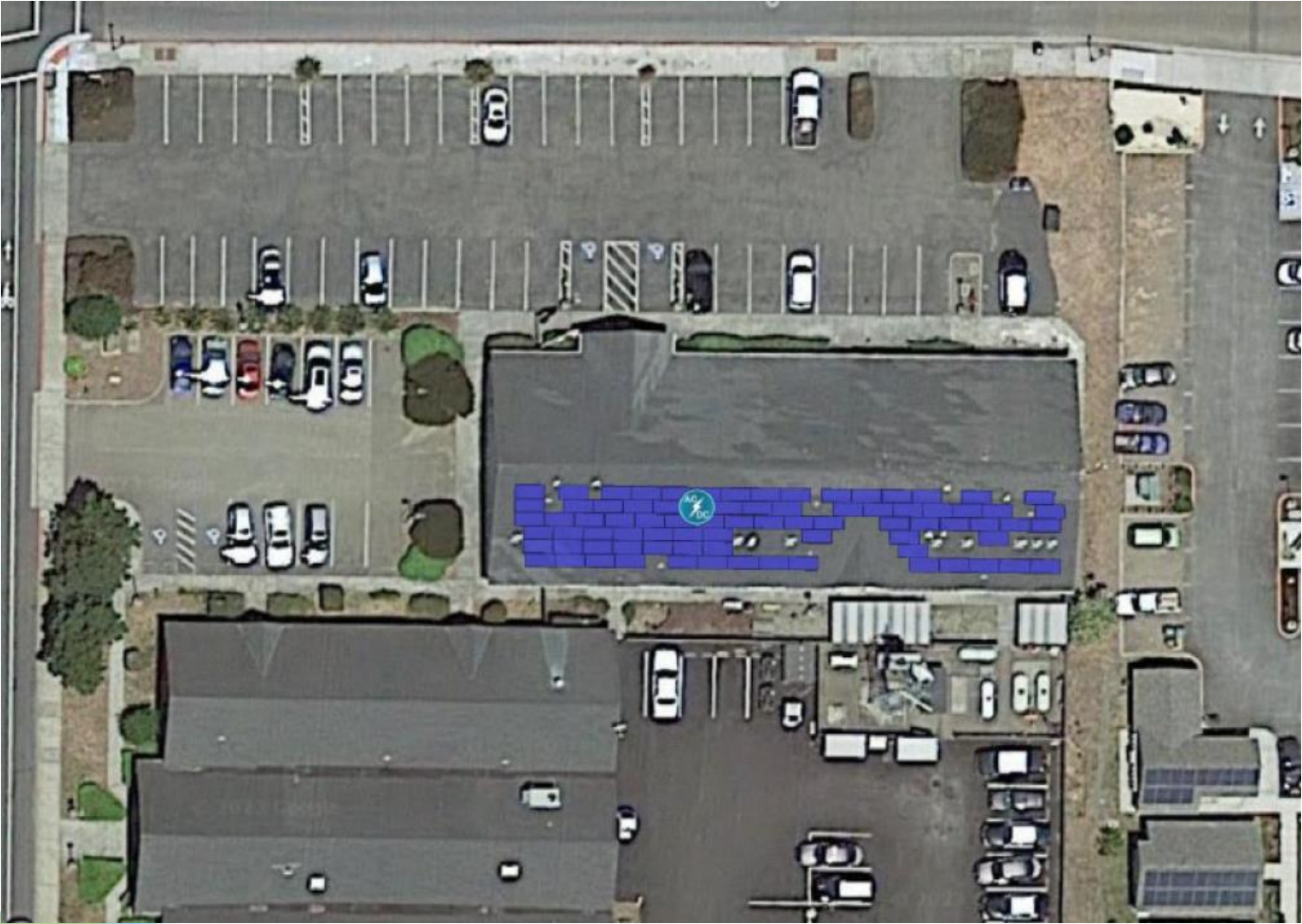
Scenario 1
30% Direct Pay
+ 10% Low Income

Total Project Price	\$7,501,224
IRA Incentive	< \$2,415,185 >
NET Cost to City	\$5,086,039
Cumulative Lifecycle Savings	\$10,523,070

Scenario 2
30% Direct Pay Only

Total Project Price	\$7,501,224
IRA Incentive	< \$1,811,389 >
NET Cost to City	\$5,689,835
Cumulative Lifecycle Savings	\$9,614,063

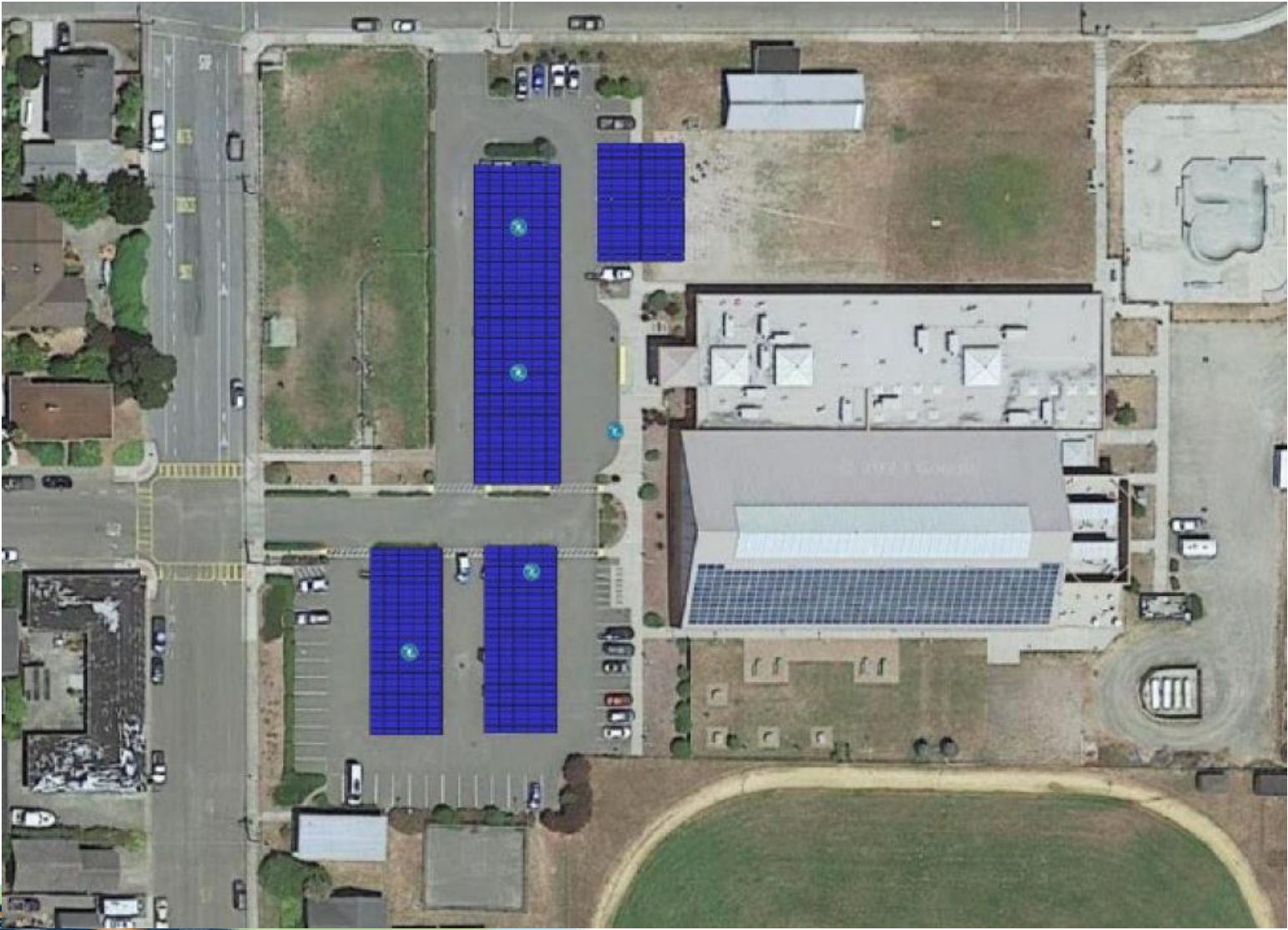
Police Station - 46.0 kW



Fire Department – 22.0 kW



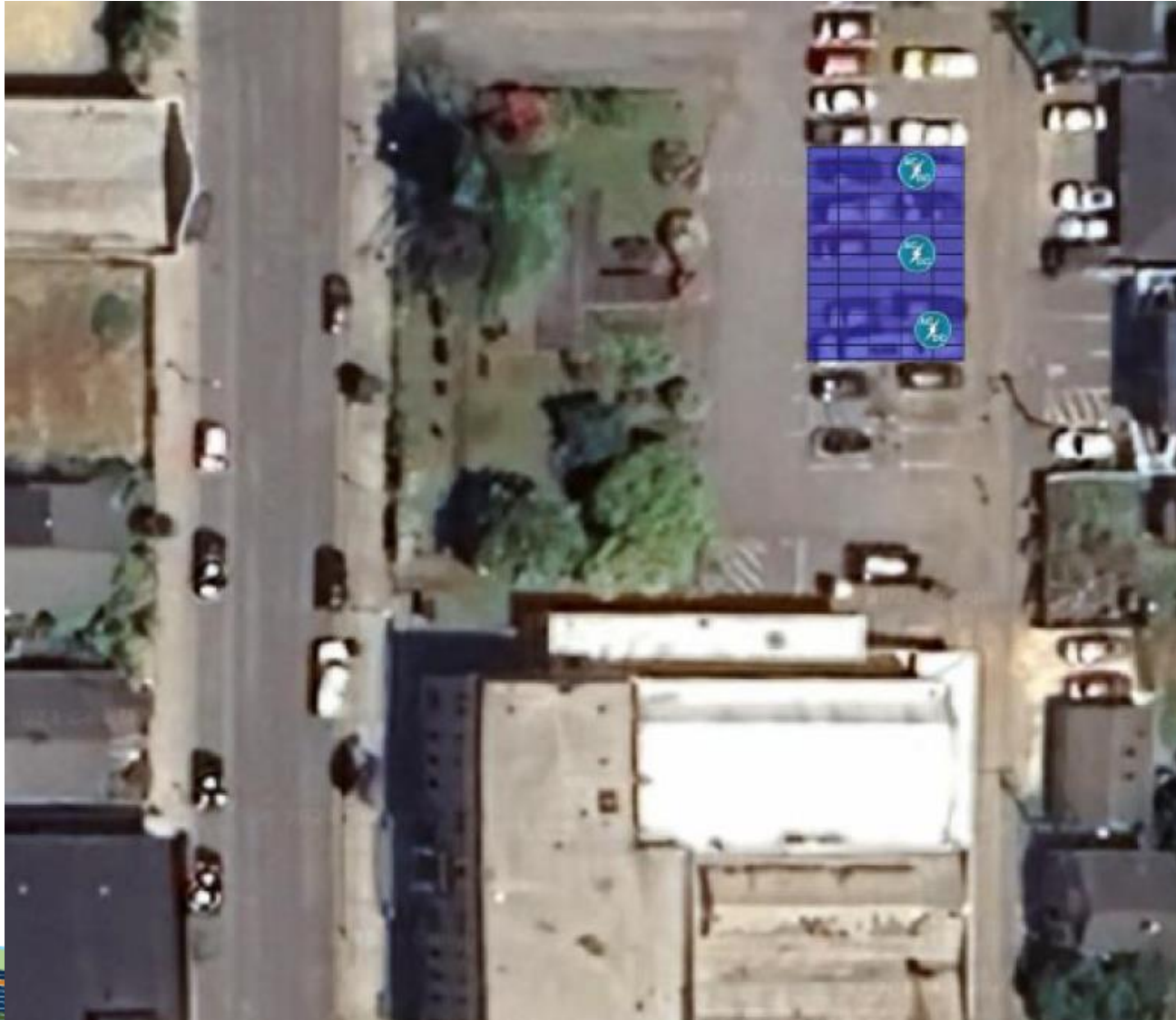
Cv Starr Community Center - 372.0 kW



Corp Yard / Water Treatment – 127.0 kW



City Hall – 40.0 kW



Wastewater Treatment Plant – 327.0 kW



Next steps



Council Consideration of Contract Approval with Syserco Energy Solutions. If approved, then:

1. Execute Agreement
2. Apply for 10% Bonus IRA Incentive
3. Begin Project Implementation
4. Complete Project, Gain Permission to Operate from PG&E
5. Submit Paperwork to Claim IRA Incentives