R-21- 19

RESOLUTION NO. _____

A RESOLUTION DETERMINING AND ESTABLISHING THE NORTH LITTLE ROCK ELECTRIC DEPARTMENT'S 2021 AVOIDED COST OF SOLAR POWER; AND OTHER PURPOSES.

WHEREAS, the City of North Little Rock ("City") calculates its avoided cost of power to determine the appropriate value of electric energy, capacity and other benefits supplied by others within its distribution system ("Avoided Cost") in accordance with Ordinance No. 9255 adopted on June 8, 2020; and

WHEREAS, the City is required by the Public Utility Regulatory Policies Act ("PURPA") found at 18 C.F.R. § 292.101, et seq., to determine and establish its Avoided Cost; and

WHEREAS, the North Little Rock City Council is the authority designated by the Arkansas Renewable Energy Development Act found at A.C.A. § 23-18-601, et seq., to determine and establish its Avoided Cost; and

WHEREAS, the North Little Rock City Council previously established the avoided cost of solar in 2018 for the North Little Rock Electric Department ("NLRED") based on an analysis by Utility Financial Solutions ("UFS") and the recommendation of the NLRED's Risk Management Committee through the adoption of Resolution No. 9582, establishing the avoided cost of solar power beginning fiscal year 2019;

WHEREAS, in 2020, the NLRED engaged UFS to provide an updated analysis and to assist in the current calculation of Avoided Cost as it applies to solar power facilities, and has verified and concurred with said calculations; and

WHEREAS, the updated Avoided Cost calculations were submitted to the Risk Management Committee which recommends approval by the North Little Rock City Council (see Exhibit "A" attached hereto).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That the North Little Rock Electric Department's avoided cost of solar power beginning March 2021 is hereby determined and established to be as follows:

A) For fixed array solar generation: $0.03510/kWh
B) For single-axis solar generation: $0.03766/kWh

SECTION 2: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor Terry C. Hartwick

SPONSOR:

Terry C. Hartwick

Mayor Terry C. Hartwick

ATTEST:

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

Amy Beckman Fields, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/ABF

FILED 9:15 A.M. _____ P.M.

By Amy Fields, CA

DATE 2-2-21

Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas

RECEIVED BY _____

EXHIBIT A

MEMORANDUM

Date: February 1, 2021

To: North Little Rock City Council

From: Amy Beckman Fields, City Attorney (on behalf of Risk Management Committee)

RE: North Little Rock Electric Department Avoided Cost of Solar Power Calculation

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The City of North Little Rock ("City") is required by the Arkansas Renewable Energy Development Act, Ark. Code Ann. § 23-18-601, et. seq. ("AREDA"), and the Public Utility Regulatory Policies Act, 28 CFR § 292.101, et. seq. ("PURPA") to determine the *avoided cost* that the North Little Rock Electric Department ("NLRED") realizes when energy is supplied to its distribution system by customer-owned facilities. The City defines avoided cost in a manner that is consistent with both AREDA and PURPA in the NLRED Net-Metering and Distributed Generation Rules that were most recently approved on June 8, 2020 through the adoption of Ordinance No. 9255. The avoided cost calculation is used to fairly compensate customers who own net-metering or distributed generation without requiring subsidies from customers who do not own generation, as required by law.

In 2018, NLRED engaged Utility Financial Solutions to assist in determining the avoided cost of solar power. Based on that analysis, the City Council established avoided cost of power beginning fiscal year 2019 through the adoption of Resolution No. 9582, establishing an avoided cost of solar power at $0.04272/kWh for fixed array solar generation and $0.04591 for single-axis solar generation. In 2020, NLRED engaged UFS to provide an updated analysis and to assist in determining a current calculation of avoided cost. UFS's report was vetted through NLRED staff and submitted to the Risk Management Committee ("RMC") for analysis and recommendation to City Council. The RMC found that when NLRED purchases power from customers, it is able to avoid the following costs:

Fixed Array – Residential/Commercial (per kWh)	
Energy Savings	0.02719
Capacity Savings	0.00057
Transmission Savings	0.00734
Total avg. kWh savings	0.03510

Single Axis – Residental/Commercial (per kWh)	
Energy Savings	0.02735
Capacity Savings	0.00051
Transmission Savings	0.00960
Total avg. kWh savings	0.03766

The Risk Management Committee recommends that NLRED's avoided cost of solar power be determined to be $0.03510/kWh for fixed array solar generators and $0.03766/kWh for single axis array solar generators.