

SPONSOR: Brown/Fain

ORDINANCE NO. 88-10

AN ORDINANCE TO APPROVE THE FORM AND AUTHORIZE THE EXECUTION OF A SOLAR ENERGY SCHEDULE WITH AMERICAN MUNICIPAL POWER, INC. AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH REGARDING SOLAR ELECTRIC GENERATION.

WHEREAS, the City of Jackson, Ohio, (Municipality”) owns and operates an electric utility system for the sale of electric capacity and associated energy for the benefit of its citizens and taxpayers; and

WHEREAS, in order to satisfy the electric capacity and energy requirements of its electric utility system, Municipality has heretofore purchased, or desires to purchase in the future, economical, reliable and environmentally sound capacity and energy and related services from, or arranged by, American Municipal Power, Inc. (“AMP”), of which Municipality is a member; and

WHEREAS, AMP is an Ohio nonprofit corporation, organized to own and operate facilities, or to provide otherwise, for the generation, transmission or distribution of electric capacity and energy, or any combination thereof, and to furnish technical services on a cooperative, nonprofit basis, for the mutual benefit of AMP members (“Members”), such Members, including Municipality, being political subdivisions that operate municipal electric utility systems in Ohio, Kentucky, Michigan, Pennsylvania, Virginia and West Virginia; and

WHEREAS, Municipality, acting individually and through AMP with other political subdivisions of other states that own and operate electric utility systems, jointly, endeavors to arrange for reliable, environmentally sound and reasonably priced supplies of electric capacity and energy and related services for ultimate delivery to its customers; and

WHEREAS, it is efficient and economical to act jointly in such regard; and

WHEREAS, Municipality has previously entered into a Master Services Agreement with AMP, AMP Contract No. C-10-2005-4376, which contemplates that Municipality shall enter into various Schedules for the provision of capacity and associated energy and related services from AMP to Municipality; and

WHEREAS, the Municipality has determined that it can utilize additional sources of reliable and environmentally sound “green” electric capacity and energy on a long term basis at reasonable costs, and have requested that AMP arrange for the same; and

WHEREAS, in furtherance of this purpose, AMP and Standard Energy, LLC (“Standard”), have entered into an agreement under the terms of which AMP is to purchase and Standard is to supply and sell up to 300 MW of capacity and associated energy from Solar Energy Systems (“Solar”) from solar facilities to be constructed and connected to AMP Member electric utility systems (“Solar Facilities”) for a period of thirty (30) years; and

WHEREAS, it is necessary and desirable for Municipality to enter into the Standard Solar Energy Schedule to Municipality’s Master Services Agreement with AMP to provide for an additional source of capacity and energy; and

WHEREAS, Members now have the right, but not the obligation, to acquire solar capacity and energy from Solar Facilities by approval and execution of the Standard Solar Energy Schedule authorized below as well as have the potential to have a Solar Facility installed on the Municipality’s electric system; and

WHEREAS, after due consideration, the Municipality has determined it is reasonable and in its best interests to proceed as authorized herein below.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF JACKSON, OHIO:

SECTION 1. That the Standard Solar Energy Schedule between Municipality and AMP, substantially in the form attached hereto or on file with the Clerk, including Exhibits thereto, are approved, and the Director of Public Service of Municipality is hereby authorized to execute and deliver the Standard Solar Energy Schedule with such changes as the Director of Public Service may approve as neither inconsistent with this Ordinance nor materially detrimental to the Municipality, his or her execution of the Standard Solar Energy Schedule to be conclusive evidence of such approval.

SECTION 2. That the Director of Public Service is hereby authorized to (i) acquire under the Standard Solar Energy Schedule, authorized above, a Contract Amount of up to 4800 kW, (ii) make any determinations and approvals required thereunder, if any, as the Director of Public Service shall deem necessary and advisable; and, (iii) indicate that the Municipality desires to host a Solar Facility and negotiate for subsequent approval of this Council any agreements required for Municipality to be a Host Municipality.

SECTION 3. If any section, subsection, paragraph, clause or provision or any part thereof of this Ordinance shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Ordinance shall be unaffected by such adjudication and all the remaining provisions of this Ordinance shall remain in full force and effect as though such section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

SECTION 4. That this Ordinance shall take effect at the earliest date allowed by law.

SECTION 5. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were taken in conformance with applicable open meetings laws and that all deliberations of this Council and of any committees that resulted in those formal actions were in compliance with all legal requirements including any applicable open meetings requirements.

Date: 10/27/10

Ronald M. [Signature]
PRESIDENT OF COUNCIL

Iva Brown
CLERK OF COUNCIL

Approved:

Date: 10/28/10

Randy R. Vece
MAYOR

**CITY OF JACKSON, OHIO
STANDARD SOLAR ENERGY SCHEDULE
TO
AMERICAN MUNICIPAL POWER, INC.
AND
CITY OF JACKSON, OHIO**

**MASTER SERVICE
AMP CONTRACT NO. C-6-2010-7940**

Dated as of September 1, 2010

WHEREAS, the City of Jackson, Ohio (“Municipality”) and American Municipal Power, Inc., formerly American Municipal Power-Ohio, Inc. (“AMP”) have entered into a Master Services Agreement (AMP Contract No. C-10-2005-4376 hereinafter, “MSA”) under which certain services may be provided, pursuant to Schedules entered into between Municipality and AMP; and

WHEREAS, AMP has negotiated and executed the Master Solar Energy Power Purchase and Sale Agreement, dated June 1, 2010 between AMP and Standard Energy, LLC (“Standard Energy”), for the purchase of up to 300 MW of solar capacity and associated energy (the “Solar Contract”) from solar facilities to be located in and/or interconnected with AMP member municipalities (“Solar Facilities”) a copy of which has been made available to the Municipality; and

WHEREAS, the Solar Contract provides, among other things, significant opportunities for the Municipality to receive from AMP reliable, economic, renewable “green energy” through this Schedule to the MSA (the “Solar Schedule”) as well as the potential opportunity to have Solar Facilities located in and/or interconnected with the Municipality.

SECTION 1 - TERM

The term of this Solar Schedule shall be effective as of September 1, 2010 and shall thereafter be coterminous with the Solar Contract, ending no later than December 31, 2041; provided, however, that Municipality's obligation to purchase and AMP's obligation to deliver capacity and energy pursuant to this Schedule are both contingent on Standard Energy's performance pursuant to the Solar Contract.

SECTION 2 - SERVICES

AMP agrees to procure as Seller, pursuant to (and its obligations hereunder are specifically dependent upon) the Solar Contract, all output up to 4800 kilowatts ("kW") of capacity and associated energy ("kWh") for the benefit of the Municipality (the "Contract Amount"). Municipality agrees to take and pay for such capacity and energy on a *pro rata* basis where and as available pursuant to the Solar Contract. Such *pro rata* amounts to be determined by multiplying the Municipality's percentage Contract Amount times the actual capacity and energy available from time to time under the Solar Contract.

SECTION 3 - DELIVERY POINTS

The Delivery Point, pursuant to this Solar Schedule shall be that set forth on Exhibit C unless the same is modified in writing by the parties. Municipality may change the Delivery Point set forth on Exhibit C with AMP's consent, such consent not to be unreasonably withheld, provided that transmission to any modified or secondary delivery point shall be pursuant to appropriate FERC tariffs at Municipality's expense, including the costs of any/all required ancillary services.

SECTION 4 - SCHEDULING

A. AMP shall cooperate with the Municipality to schedule the capacity and energy to a Delivery Point as directed by the Municipality.

B. Notwithstanding any other provision of this Solar Schedule and the MSA, Municipality shall, when available, take and pay for the solar capacity and energy.

SECTION 5 - DEPENDENCE ON SOLAR CONTRACT

Municipality recognizes that AMP's ability to supply solar capacity and energy under this Schedule is dependent upon AMP's ability to arrange for the same pursuant to the Solar Contract. Additionally, Municipality recognizes that AMP entered into the Solar Contract primarily for the benefit of Municipality and the other Members of AMP and that AMP pursuant to the Solar Contract, has certain rights as well as certain obligations. Accordingly, Municipality warrants to cooperate with AMP in such a manner as to facilitate AMP's performance of its obligations thereunder and releases AMP from any liability due to Standard Energy's failure to perform.

SECTION 6 - RATES, CHARGES AND BILLING

A. Capacity and energy made available pursuant to this Solar Schedule shall be charged for at the base rates specified in the Solar Contract and shall include an adder for an appropriate allocation of all costs incurred hereunder and the costs set forth in Sections 6 B, C and D hereof, and shall be charged and billed pursuant to Exhibit A, Capacity and Energy Rate Schedule as the same may be modified by AMP from time to time and pursuant to the billing provisions herein and in the MSA;

B. The net of all congestion and marginal loss costs between the output points of all Solar Facilities providing the solar energy and the Delivery Points of all AMP Members executing similar schedules shall be included, except that energy delivered from each Solar Facility shall be first delivered to the host Municipality in accordance with the host Municipality's Contract Amount. All net congestion and marginal losses costs related to the remaining energy not delivered to the host Municipality shall be included as a component of a uniform rate adjustment to be charged hereunder for energy delivered or made available to a Municipality that is not a host Municipality or is a host Municipality that purchases an amount of energy hereunder that exceeds the amount available in any hour of any Month from the Solar Facilities such Municipality is hosting and under the rates under all similar schedules ("Project Energy Rate Adjustment"). This creates a Project Energy Rate Adjustment for the Solar Schedule and similar schedules consisting of the charges in Exhibit A and RTO congestion and marginal losses (See Exhibit E – Example Project Energy Rate Adjustment Calculation). No other costs to deliver energy hereunder will

be included in the Project Energy Rate Adjustment. A Municipality that individually or jointly, either directly or indirectly, owns or operates generation facilities may be a host Municipality at such generation facility as if the Solar Facilities were connected to its distribution system.

C. All transmission costs including ancillary services, energy control center cost, taxes and other charges not otherwise recovered that are incurred to provide and deliver capacity and energy pursuant to this Solar Schedule shall be charged and billed to Municipality; and

D. In addition to the other compensation to be paid to AMP pursuant to this Solar Schedule, Municipality shall also pay AMP the Service Fee specified in the MSA.

SECTION 7 – INSTALLED CAPACITY CREDIT

Municipality will receive a pro-rata share of the net Installed Capacity / RPM credits/charges (if any) from the RTO where each of the Solar Facilities are located except that Installed Capacity / RPM credits/charges from a Solar Facility shall be first credited to the host Municipality in accordance with the host Municipality's Contract Amount but not greater than the capacity of the Solar Facilities hosted by such Municipality in any Month. All remaining credits not credited to host Municipality shall be included in the Project Capacity Rate Adjustment. This creates a Project Capacity Rate Adjustment for the Solar Schedule and similar schedules consisting of the charges in Exhibit A and RTO Installed Capacity / RPM credits/charges (See Exhibit F – Example Project Capacity Rate Calculation).

SECTION 8 – RENEWABLE ENERGY CREDITS

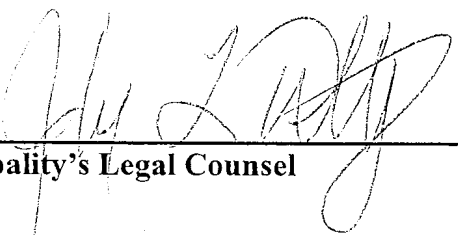
All renewable energy credits or like Environmental Credits (Solar Contract, paragraph 1.16) available to AMP under the Solar Contract shall be monetized by AMP and credited *pro rata*, to the Municipality. Such *pro rata* amounts to be determined by multiplying the Municipality's percentage Contract Amount times the actual Environmental Credits available to AMP from time to time under the Solar Contract.

SECTION 9 – HOST MUNICIPALITY

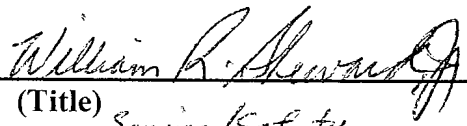
Should Municipality desire to be a host Municipality, it may request consideration for the same below and provide the preliminary site information set forth on Exhibit D hereto. Each host Municipality will be required to, among other things, enter into a Solar Facilities Host Community Agreement with AMP, as well as a lease and interconnection agreements with Standard Energy LLC or its affiliates.

APPROVED AS TO FORM:

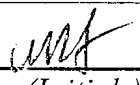
CITY OF JACKSON, OHIO



Municipality's Legal Counsel

BY: 

(Title) *Service/Safety*
DATE: *10-28-10*

<input checked="" type="checkbox"/> Yes, the Municipality desires to be considered as a Host Municipality	 _____ (Initials)
<input type="checkbox"/> No, the Municipality does not desire to be considered as a Host Municipality	_____ (Initials)

APPROVED AS TO FORM:

AMERICAN MUNICIPAL POWER, INC.

John W. Bentine
General Counsel

BY: _____
Marc S. Gerken, P.E.
President/CEO

DATE: _____

EXHIBIT A

RATE SCHEDULE

ENERGY PAYMENT.

Initial Rate:	Energy - \$85.00 / MWh AC (\$0.085 / kWh AC) Capacity - \$0.00/MW
Annual Rate Escalator:	2% beginning with the 2012 calendar. Rate will be adjusted on January 1 of each year.
Project Energy Rate Adjustment;	An amount per kWh determined by the method set forth in Exhibit E. *
Project Capacity Rate Adjustment:	An amount per kW determined by the method set forth in Exhibit F. *

(Note: Rates are in accordance with the Solar Contract.)

* To be applied to all respective kWh and kW associated with energy and capacity that is not taken by a Host Municipality in any Month from the Solar Facilities in that Host Municipality, provided such amount does not exceed the lesser of (i) that Host Municipality's Contract amount; or (ii) the Capacity or Energy provided of such Solar Facilities in that month.

EXHIBIT B

SERVICES

	kW	%
Amount Of Total Capacity Under Solar Contract (up to)	300,000	100%
Contract Amount Of Municipality's Capacity (up to)	4,800	1.60%*

* Assumes 300 MW

EXHIBIT C

DELIVERY POINT

Participant	RTO/Zone	Delivery Point	Secondary Delivery Point (LMP)	Secondary Delivery Point Voltage
Front Royal, VA	PJM/APS	<p>Delivery Point of Capacity and Energy shall first be from the output of any Solar Facilities connected to the Municipality's transmission/distribution system.</p> <p>Delivery Point of any remaining Contract Amounts shall be from a <i>pro rata</i> share of the remaining output of all Solar Facilities where output of the facility exceeds the host Municipality's <i>pro rata</i> share of Project Capacity and Energy for that month (Capacity) or Hour (Energy)</p>	APS Zone	35 kV

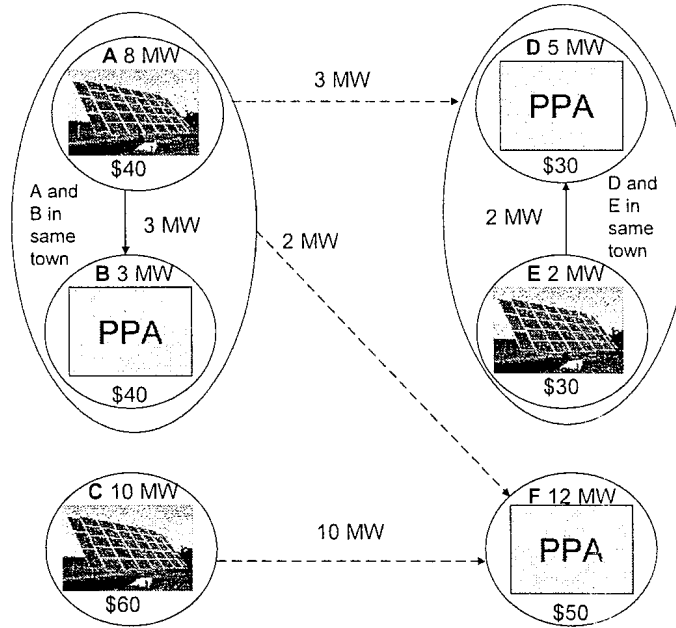
EXHIBIT D
SITE INFORMATION

[TO COME]

EXHIBIT E

Example Project Energy Rate Calculation

**Example of Solar
Project Energy Rate**



Project Energy Rate Calculation

- Load Busses
- D 3 MW x \$30 = \$90
- F 12 MW x \$50 = \$600
- Total Load = \$690

- Gen Busses
- A 5 MW x \$40 = \$200
- C 10 MW x \$60 = \$600
- Total Gen = \$800

- Congestion = Load – Gen
= \$690 - \$800 = (\$110)

- Project Rate = (\$110) / 15 MW
= (\$7.33) / MWh

- Solar received "behind the meter" pays \$85 / MWh (contract rate)

- Solar delivered from other sites pays \$85 / MWh - \$7.33 / MWh = \$77.67 / MWh

Solar Costs

- B pays for 3 MW at \$85 / MWh (Contract Rate)

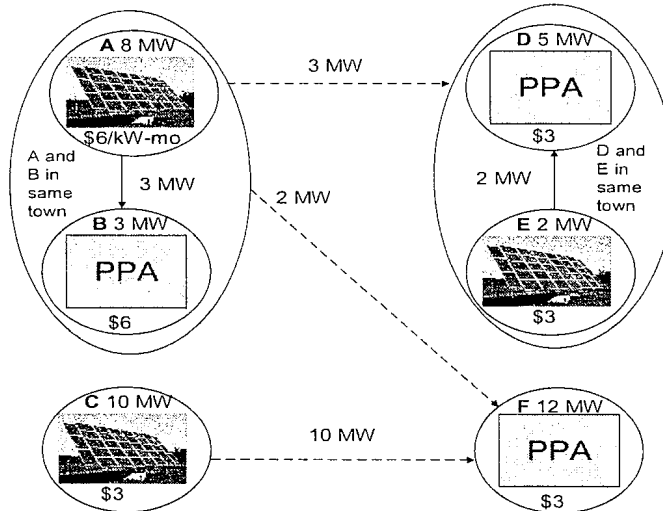
- D pays for 2 MW at \$85 / MWh (Contract Rate) & 3 MW at \$77.67 / MWh (Project Rate)

- F pays for 12 MW at \$77.67 / MWh (Project Rate)

EXHIBIT F

Example Project Capacity Rate Calculation

Example of Solar Project Capacity Rate



Project Capacity Rate Calculation

- Gen Busses
- $A\ 5\ MW \times \$6 / kW\text{-mo} \times 1000 = \$30,000$
- $C\ 10\ MW \times \$3 / kW\text{-mo} \times 1000 = \$30,000$
- Total Capacity Credit = \$60,000
- Project Rate = $(\$60,000) / 15\ MW = (\$4.00) / kW\text{-mo}$
- Solar capacity received "behind the meter" receives installed capacity to offset RTO installed capacity requirement.
- Solar capacity delivered from other sites receives credit of \$4.00 / kW-mo
 - Note that these members will also receive an invoice from RTO for installed capacity requirement