

SMWD Headquarters Solar Panel Installation

Santa Margarita Water District
December 14, 2011

Background

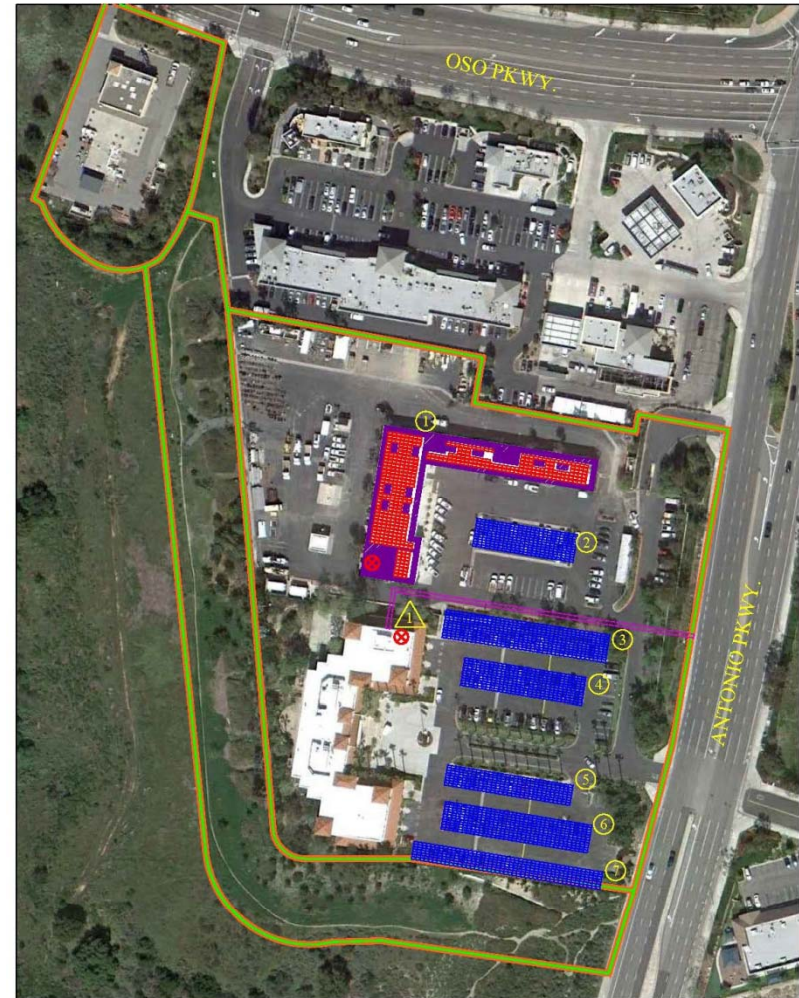
- The District is interested in cost-effective alternative power supplies.
 - Microturbine installation at Chiquita Water Reclamation
 - Previously researched installation of solar panels at Chiquita and the District headquarters in 2008 and 2009.
 - Extended payback period made the projects unfeasible
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PsomasFMG Proposal

- PsomasFMG is a solar power system provider for public agencies
 - Turn-key provider
 - Design, financing, permitting, construction, owner/operator
 - Power Purchase Agreement (PPA)
 - SMWD to enter into contract to purchase solar power
 - Secure power rate for 80% of the building demands
 - Facility Financing Agreement
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PsomasFMG Project

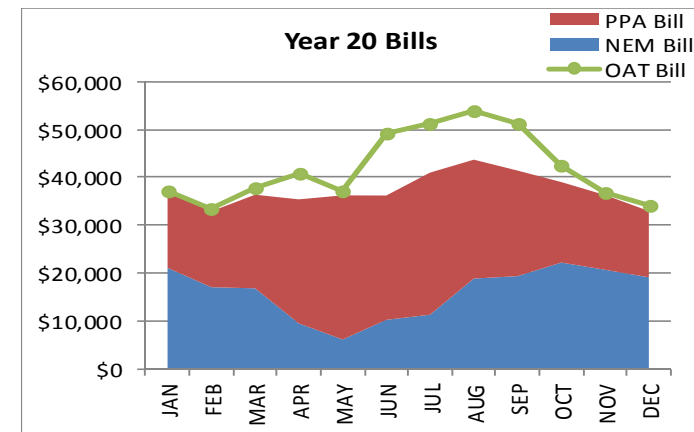
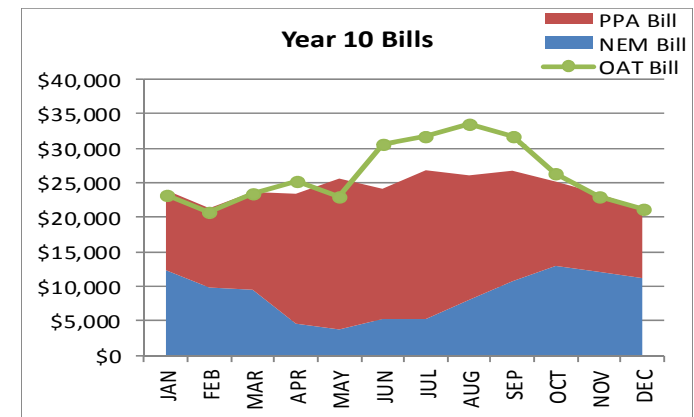
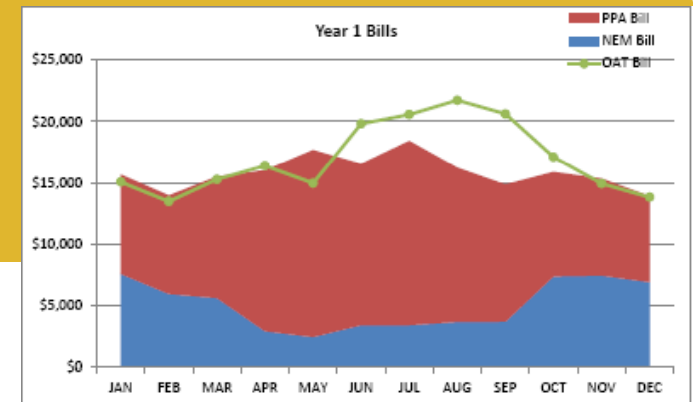
- Construction of carports in upper and lower parking lots
- Installation of solar panels on carports and warehouse roof.
- On-line in 2013
- Design and permitting completed by PsomasFMG
- Chiquita Plant is still not cost effective



SANTA MARGARITA WATER DISTRICT-HQ
DETAILED LAYOUT

PPA Proposal Cost

- 20-year term
 - After 20-years:
 - Purchase system after term
 - Enter new agreement
 - Install new panels
- Install in March 2013
 - Year 1: \$0.1425/KwH
 - Year 2: \$0.1482
 - Year 3: \$0.1649
 - 4% annual increase thereafter
- SDG&E average cost, last 18 months: \$0.1602/KwH



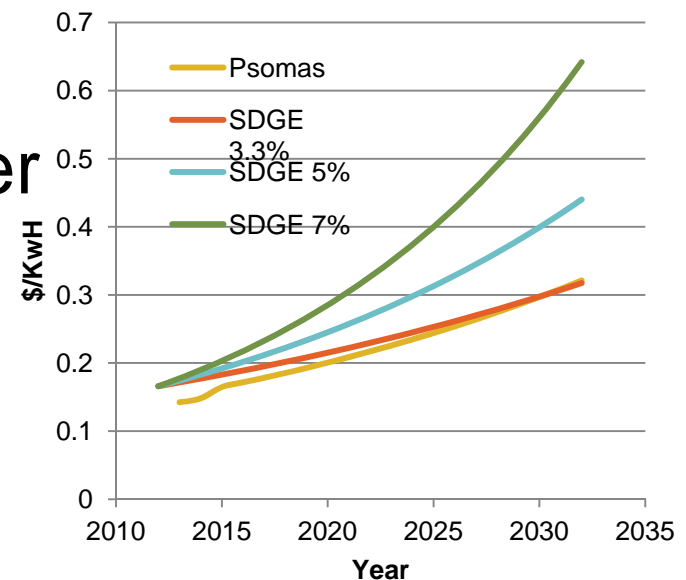
Other Terms

- Required to enter agreement in 2011
 - Maintain tax grant eligibility, after 2012 it becomes a tax credit
 - PsomasFMG to receive grant for capital
 - PsomasFMG is responsible for all permitting, construction and installation
 - Move SMWD to new SDG&E rate structure
 - Reduces Demand Charge
 - Psomas FMG conservative model does not account for any reduction in peak demand
 - Should there be in reduction in peak demand there would be added savings to this project
 - Escape Clause for PUC action in 2012
 - PUC is considering revised rate structure which could impact economics to SMWD
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SMWD Risk

- Future rate structuring by SDGE
- Percentage of SDG&E power increase
- Reduced price for new technology in the future
- Higher potential cost if delayed
 - Loss of tax credit and incentives

Projected Unit Cost Comparison



SMWD Benefits

- Potential long-term power savings
 - Installation of shaded parking
 - New extended lighting in parking lot
 - Eliminating light poles and maintenance
 - Reduced landscaping costs
 - Reduce regional peak power demand
 - Greenhouse Gas Reduction (potential AB 32 Credit)
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