

San Francisco mayor signs deal for huge municipal solar project

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Amid a fog-shrouded Sunset District this morning, San Francisco Mayor Gavin Newsom signed an ordinance for the state's largest municipal solar project atop the city's largest reservoir.

The ambitious five-megawatt photovoltaic installation on the roof of the Sunset Reservoir, a partnership with San Francisco-based Recurrent Energy, was not without its critics, including some supervisors who said they favored entirely public power and worried the city wasn't getting a good enough financial deal on the contract.

After several weeks of haggling and political fanfare, the Board of Supervisors approved the deal, which had been in development for about a year, by a 7-4 vote Tuesday. Opponents noted some positive concessions, including a promise by Recurrent to hire employees for the project locally, and some from underserved neighborhoods.

"I don't know why these things are so difficult," Newsom said at the signing ceremony at the reservoir today. He noted there were fair arguments on both sides of the issue, "But I think the right side won," he said.

The project, which Recurrent hopes to flip the switch on early next year, will mount 25,000 solar panels on half of the reservoir roof, about 480,000 square feet between 24th and 28th avenues.

Supporters have also tried to allay concerns about the Sunset District's notoriously foggy weather. Recurrent estimates the area actually only receives on average 15 percent less sunlight annually than the sunniest parts of San Francisco.

The system will provide up to five megawatts of renewable power under optimal conditions and time of day — a sunny day at noon — for the city to buy from Recurrent and transmit into its electrical grid.

Five additional megawatts would more than triple the city's current solar generation capacity of two megawatts.

The energy will be used for city facilities such as San Francisco General Hospital, San Francisco International Airport, San Francisco Municipal Railways' light-rail system and city schools, according to the San Francisco Public Utilities Commission, which lobbied hard in favor of the project.

Utilities Commission General Manager Ed Harrington called today's approval "a major step" toward reaching the city's greenhouse gas reduction goals.

Officials said the installation, which will also be one of the largest municipal solar projects in the nation, could boost San Francisco's image as a center of support for green technology and development.

"This is the future and the face of solar energy today," said Recurrent CEO Arno Harris.

"This is the real deal," agreed John Rizzo of the San Francisco chapter of the Sierra Club. "San Francisco is walking the walk," he said. "This is not a symbolic gesture."

Rizzo noted that not only was the energy clean, replacing other energy sources that add thousands of metric tons of carbon into the atmosphere each year, but it will be produced locally. He added it could hasten the closure of the power plant in the Potrero District.

"I think that we're doing this in a very, very smart way," said **Supervisor Carmen Chu**, in whose district the installation will reside.

Under the terms of the deal, the city only pays for energy actually produced by the installation.

"The beauty of this project is that we don't take the risk as a city," **Chu** said. "Recurrent's on the hook."

The contract calls for the city to sign a 25-year power purchase agreement and site lease agreement with Recurrent for the company to build and operate the project. After either seven or 15 years, the city also has the option to buy the installation from Recurrent.

The power purchase agreement allows Recurrent as a private company to take advantage of a 30-percent federal tax credit that would otherwise not be available to the city, according to the PUC.

The PUC estimates that over the 25-year contract, the city would save about \$36 million of an estimated \$86 million it would have to pay to build and finance the system itself, by simply paying for the power.

Under the terms of the deal, San Francisco will pay 23.5 cents per kilowatt-hour for the energy, increasing 3 percent each year.

Rizzo stressed the need for governments, both local and national, to act immediately on global climate change.

He acknowledged that the price of solar energy will decrease in coming years, addressing another concern expressed by supervisors opposed to the terms of the contract.

"That's true," he said, "but the problem is, we can't wait that long."

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