

January 10, 2018

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: University of Utah – Nontraditional Arrangement for Solar Canopies

Issue

Regent policy R712, *Non-Traditional Arrangements for Development of Facilities on Campuses* requires the Regents to approve development projects by outside entities on institutional land. The University of Utah requests authorization to contract with a private provider which will construct, maintain, own, and operate solar panel canopies covering a University parking lot. In return, the University will purchase solar energy from the provider generated from the solar canopies.

Background

The University of Utah requests authorization to contract with a private vendor, selected through a competitive procurement process, to construct solar canopies over the parking lot north of the Merrill Engineering Building. The University would enter into a Power Purchase Agreement with the provider to purchase energy produced from the solar panels on top of the canopies. No institutional funds will be used to construct, operate, or maintain the canopies and photovoltaic (solar) system. Solar power generated from the canopies will provide the University with a cost-effective and sustainable energy source.

As required by Regent policy R712, *Non-Traditional Arrangements for Development of Facilities on Campuses* the University will work with the Attorney General's Office to ensure that proposals meet statutory requirements. The final contract will also ensure that third-party construction meets applicable university and state requirements.

The University's Board of Trustees approved this project in their November 14, 2017 meeting. Additional information about the project is provided in the attached letter from the University, including illustrations of the site and proposed canopies. Representatives from the University will be present at the meeting to provide additional information and respond to questions from the Board.

Commissioner's Recommendation

The Commissioner recommends that the Board authorize the University of Utah to enter into a contract with an outside party to construct photovoltaic panels on canopies covering a University parking lot and to enter into a long-term power purchase agreement with the outside party.

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David L. Buhler  
Commissioner of Higher Education

DLB/KLH/RPA  
Attachments

January 4, 2018

Commissioner David L. Buhler  
Board of Regents Building  
60 South 400 West  
Salt Lake City, Utah 84101-1284

Dear Commissioner Buhler:

The University of Utah requests approval to build canopies in the parking lot to the north of the Merrill Engineering Building and solar panels on the roof of the canopies. Panels will be installed so they face south toward the Merrill Engineering Building. Power will be distributed underground to the Medical Substation and the switchgear will be behind the berm and screened. The existing light fixtures in the parking lot will be replaced with lighting under the canopies.

This project will be approached as a Power Purchase Agreement (PPA), which will authorize a third party to own and operate the Solar PV system. The University will purchase the power produced from the third party. The benefit of the PPA approach is that the investor of the PPA would be able to take advantage of substantial tax benefits that are not available to the University as a nonprofit institution. This will then be passed through to the University in rates for the power purchased that are lower than they would be without the tax incentives. The RFP will seek design/build proposals to maximize the electricity generating capacity of a system in this parking lot and is expected to be in the range of two to three MW.

This arrangement will benefit the University and the public in general by reducing the amount of energy used by the University that is derived from carbon-based sources, thereby reducing the levels of air pollution emitted from University operations. A further benefit is that the unit cost of electricity purchased under this arrangement will be locked in contractually with escalation likely to be less than will be experienced in the market.

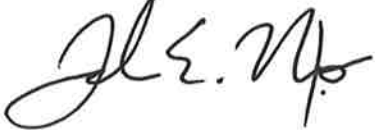
The cost of the canopies and solar PV system is expected to be within the range of \$6 to \$8 million. The system will be owned, financed, operated, and maintained by the third party.

No state funds will be used for the project cost, future O&M or future improvements. These costs are funded entirely by the third party. The University's sole obligation is to purchase power from this source. This project is consistent with the University's approved master plan.

The University will comply with Regents Policy R712-5, Nontraditional Arrangements for Development of Facilities on Campuses. The agreement between the University and the third-party owner of the solar system will include the provisions called for by R712-5 to protect the interests of the University and ensure appropriate quality control of the design and construction. Consistent with the requirements of R712-5, approval by the Attorney General's Office of the agreement as to form and legal authority will be obtained before the University executes the agreement.

This project was approved by the University's Board of Trustees on November 14, 2017. We request that this be presented to the Board of Regents for approval during the meeting on January 19, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read "J.E. Nixon". The signature is fluid and cursive, with a large initial "J" and "N".

John E. Nixon

Vice President for Administrative Services

Enclosure

Cc: David W. Pershing  
Kimberly Henrie  
Patricia Ross  
Sandy Hughes  
Brian Shuppy



## Sample Designs



(UofU canopies would have lower maximum height than these examples, but still provide minimum 14'-0" clearance to enable all freight deliveries, future paving maintenance, and snow removal by existing campus fleet)