



## OFFICE OF **SUSTAINABILITY**

# Solar Power Purchase Agreement FAQs

### **What is this project?**

The City wants to put solar panels on a minimum of 27 municipal buildings, including fire stations and community centers, at no upfront cost to taxpayers, by signing a 25-year contract with a solar company called Secure Solar Futures.

### **What is a Power Purchase Agreement?**

A Power Purchase Agreement is a long-term lease to a private company that builds, owns, and maintains the solar panels on City rooftops or land. The City doesn't pay anything to install them. Instead, the City agrees to buy the electricity those panels generate at a price that is locked in and lower than Dominion Energy currently charges. After 25 years, the City can choose to buy the equipment outright, have it removed, or in many cases continue benefiting from it.

### **What's the history of this project?**

The project originated from the Municipal Investment Fund (MIF), a grant program through the Coalition for Green Capital that the City and the Community Climate Collaborative (C3) were awarded in 2025. The MIF funded a Public-Private Partnership Plan, completed in 2026, that studied how Richmond could grow solar and battery power across municipal buildings. That plan's central recommendation, and the reason this project exists on the timeline it does, was to use cooperative procurement to move quickly, specifically so the City could take advantage of the federal solar tax credits before they expire.

### **Why does the City want to do this now?**

Two driving factors for the timing, both flowing from the MIF report mentioned above: Dominion Energy rates for local governments are rising sharply, and a federal tax credit that makes solar much cheaper is set to expire. Acting now locks in savings that won't be available later.

### **Why is solar a priority for the City?**

Greenhouse gas emissions generated from energy use in Richmond's building portfolio represent the largest share of the City's carbon footprint. To achieve the City's goal of 100% municipal renewable electricity and advance the RVAgreen 2050 climate plan, Richmond must shift from purchasing renewable energy credits to generating onsite power. Additionally, the City spends roughly \$18.7M in annual electricity expenses. Installing solar on City facilities can offer significant energy savings and protection from rising electricity rates.

**Has the City tried to do this before?**

Yes. For more than a decade, Richmond has explored pathways to deploy solar power across City-owned properties, but progress has been constrained by legislative barriers, most notably the Municipal Lease Act—which has limited the City’s ability to enter into long-term power purchase agreements for onsite solar.

- In 2019, a Solar Feasibility Study confirmed strong potential, but lack of upfront capital prevented implementation.
- In 2023, the Joint Energy Team (JET) was formed to accelerate energy management and coordinate sustainability initiatives, including establishing the Renewable Energy Planning Committee.
- In 2025, the City installed its first solar array at the T.B. Smith Community Center using \$500,000 in ARPA funding.

**Has this kind of deal been done before in Virginia?**

Yes. Virginia first allowed local governments and schools to use this type of solar financing in 2013 through a limited pilot program. Since then, it has been used widely across Virginia, including Richmond Public Schools, the University of Richmond, Henrico and Chesterfield Counties, and cities such as Blacksburg, Norfolk, Charlottesville, and Virginia Beach.

**Who is Secure Solar Futures and what is their experience with PPAs?**

Secure Solar Futures has been a leading solar developer since 2004 and was the first in Virginia to deploy Solar PPAs. A certified B-company, Secure Solar Futures has built a reputation on making solar energy affordable to schools, local governments, hospitals, and non-profit organizations, and have been instrumental in advancing state solar legislation. About 70% of their projects are with public schools and many of their partnerships include workforce training or educational components. In 2018, they co-founded the RVA Solar Grant Program with the Richmond Community Foundation to incentivize PPAs. In 2019, Richmond Public Schools received grant funding through this program and executed a PPA with Secure Solar Futures for 10 school buildings, which was, at the time, the largest public school solar project in Virginia (3 megawatts). Since then, Secure Solar Futures has worked with numerous school districts, community colleges, and universities across Virginia and West Virginia, including the Prince William County and Roanoke City Public School districts. Roanoke’s portfolio of 32 facilities is now the largest at a K-12 school district in the state, with 10 megawatts (MW) of solar capacity and \$60M in projected energy savings over 35 years.

**Why ride an existing Price William County Schools contract instead of running our own competitive bid?**

The Municipal Investment Fund (MIF) Public-Private Partnership Plan recommended using the cooperative procurement process to advance solar projects quickly. That recommendation matters because of timing: a traditional RFP process would take at least a full year and the City would be unable to qualify for the Federal solar tax credit’s safe harbor deadline this summer. Riding an already-competed contract is a well-established, legal shortcut under Virginia law called cooperative procurement, where the City adopts the terms another public entity already

bid out and awarded. Roanoke and Blacksburg have already used this same approach with this same contractor.

### **Why was the Prince William County Schools contract chosen?**

Staff reviewed active PPA contracts from Norfolk, Virginia Beach, Henrico County, Loudon County, and Prince William County Schools. Ultimately, Prince William County School's contract was selected due to the solar contractor, Secure Solar Futures' long track record in Virginia, their prior success with Richmond Public Schools, and the fact that Roanoke and Blacksburg had already ridden this same contract and established legal precedent for the lease structure.

### **What was Prince William County's bidding process?**

Prince William County School's issued an RFP for a Solar PPA developer in 2021. They received 10 proposals and shortlisted five firms for further evaluation. From this group, the selection panel chose Secure Solar Futures based on their experience, competitive pricing, and strong educational offerings. Proposals were scored using the following evaluation rubric:

| <u>CRITERIA FOR PROPOSAL EVALUATION</u> |                                              |                        |
|-----------------------------------------|----------------------------------------------|------------------------|
|                                         | <u>Evaluation Criteria</u>                   | <u>Assigned Weight</u> |
| 7.1.                                    | Favorable References                         | 5%                     |
| 7.2.                                    | Service Approach/Implementation of Services  | 50%                    |
| 7.3.                                    | Experience/Qualifications/Ability to Perform | 20%                    |
| 7.4.                                    | Price/Financial Benefit to PWCS              | 25%                    |

This project installed 3.8 MW of solar across six campuses and is projected to save the school district \$7.8M over the next 25 years.

### **What review has this contract gone through?**

This contract was first submitted to Procurement and the City attorney's office in March 2026 for initial review and vetting. After identifying that this was a viable "rideable" contract, the Office of Sustainability met multiple times with Procurement and the City attorney's office for a more in-depth review and discussion over the month of April. Additional reviews of Roanoke and Blacksburg's contract documents were conducted to better understand how each entity "rode" the Prince William County Schools' contract and made modifications to fit their jurisdiction's and/or project's needs. Since then, with additional support from the Mayor's Office, the contract has undergone further edit and review to address specific concerns. Additionally, the City has had conversations with other localities (Roanoke, Blacksburg, Prince William County) to help resolve problem areas.

### **Does this cost the City anything upfront?**

No. There is no construction cost, no loan, and no budget request tied to this contract. Secure Solar Futures pays for and owns all the equipment. The City only pays for the electricity it actually uses, at a locked-in rate lower than Dominion's.

**How much will the City actually save?**

If all 27 sites move forward, the City would save a minimum of \$268,000 on electric bills in the very first year. Over the full 25-year life of the contract, total savings are projected at a minimum of \$ 12 million, based on current electricity rate trends. These projects will help offset high energy usage in certain City operations – for example, DPU usage makes up 70% of municipal energy demand.

**What is the urgency as it relates to rising electricity rates?**

Dominion Energy's rate for local governments (negotiated through a group called VEPGA) is increasing by 25% on July 1, 2026 and by another 12% on July 1, 2027. Locking in a lower, stable solar rate now protects the City from a meaningful share of that increase for the next 25 years.

**What is the urgency as it relates to Federal Tax Credits?**

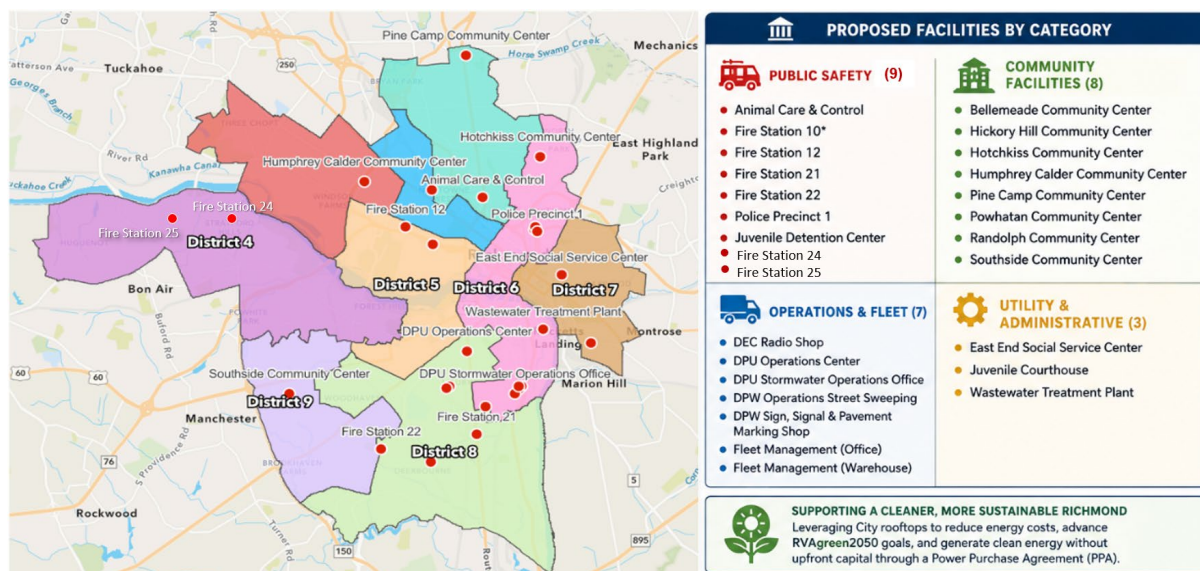
The Federal Solar Tax Credits can reduce total project costs by up to 50%. Missing this opportunity would have a significant cost savings impact and reduce the scope and size of the solar portfolio, since fewer sites could pencil out financially without the tax credit. Projects that receive the tax credits have until the end of 2030 to be constructed.

**Why these 27 sites, out of all City buildings?**

An initial pipeline of City-owned buildings (over 10 MW of solar capacity) was identified during the Municipal Investment Fund project and began with an evaluation of all city-owned buildings. This list was narrowed down to 27 sites based on roof age/condition, building height, potential shading, roof obstructions, energy usage, and future development plans. The project portfolio comprises 30 buildings in total, as there are three buildings included at the Wastewater Treatment Plant. The selection process included meetings with departmental directors and dozens of City staff to secure approvals for each site.

**Where are the sites located?**

Currently, the list includes 27 sites that are spread across the city and represent all Council districts. This list is likely to change before being finalized through the Council approval process of the Site Lease Ordinances.



### How much energy will the sites produce?

The sites are expected to have a combined capacity of a minimum of 4 MW. They will produce the equivalent of the power used by 800 cars. Solar, particularly with the addition of battery storage, will enhance community resilience by providing on-site power for City buildings and reducing vulnerability during grid outages.

### Will the solar panels be visible from the street or affect nearby properties?

The contract specifically excludes ground-mounted solar. Every system in this project will be rooftop-mounted. In terms of visual impact, rooftop panels sit flat or low-angled on tops of existing buildings, working within a building's existing footprint. Some panels may be visible from taller adjacent buildings, but the day-to-day experience for neighbors and passersby will be minimal to none.

### If Council approves the Site Leases, what happens next?

After the site lease ordinances are adopted, each site will go through design, engineering, and permitting before construction begins. This includes interconnection approval, electrical engineering, structural review, roof manufacturer approvals, and any other required due diligence. Some sites may be removed from the project portfolio if engineering review finds they aren't structurally suitable or if there are additional feasibility restrictions that are identified. During the design phase, Secure Solar Futures will work with departmental stakeholders to review and approve system design at key milestones. At each stage, Directors will be asked to formally approve solar module placement, equipment locations, and access pathway and clearances. This structured review process helps to ensure alignment early and avoid the need for design modifications after installation. Once all major developmental milestones have been completed, a "Notice to Proceed" will be issued. Installation and commissioning typically take between 3 and 9 months per site, depending on project size, site conditions, and interconnection requirements, and it could take up to two years to move through all municipal sites. The earliest installations will begin generating in 2028, with all sites in service by 2030.

Solar installation must be complete by the end of 2030 as part of the Federal Solar Tax Credit requirements.

**What metrics or processes will be used to track savings over time? How do we know the project is successful and returning investment?**

Projected first-year and 25-year term costs savings have been calculated for all sites. During the life of the project, real-time interval data will regularly monitor energy production, energy consumption, and financial metrics. These performance metrics will be shared through regular reporting, a project webpage, and public dashboards at community center locations.

Additionally, the Office of Sustainability will integrate this municipal solar initiative into its broader energy education efforts and will share information about the projects through various engagement channels.

**What will happen to the solar arrays once the contract expires?**

At contract expiration, the City will have the option to purchase the systems under the term's proposed in the Termination Value Schedule of each site's Power Purchase Agreement Project Agreement. Solar panels have a life expectancy of 40-50 years and could continue generating power for City facilities well past the contract term. Alternatively, if the City decided not to purchase the systems, Secure Solar Futures will remove all equipment per the End-of-Term Obligations as outlined in the contract at no expense to the City.

**What happens if Secure Solar Futures goes under?**

The PPA is structured to ensure long-term system performance and continuity, even in highly unlikely scenarios where the vendor is no longer operating. Under the agreement, there is a standard provision for Lender Cure Rights, which is specifically designed to protect the City in the unlikely event of a default or bankruptcy by Secure Solar Futures. This provision gives the project lender the right to step in and "cure" any default and, if necessary, assume ownership and operational responsibility for the system. In practical terms, this ensures that the project continues to be maintained and operated, rather than being abandoned. From a lender's perspective, the solar equipment represents a long-term revenue-generating asset under the PPA. As such, it is in the lender's strong financial interest to keep the system operational and producing electricity, rather than allow it to become non-performing or require removal. In addition to lender cure rights, the structure of the PPA provides several layers of protection to the City.

**Can the City purchase the solar systems from the developer?**

Yes. The City will have the opportunity to purchase the systems out-right beginning in year 6 and can choose to do so at any point in the 25-year term. Payment for the systems will be determined by each site's Termination Value Schedule or the Fair Market Value of the system equipment at the time of termination, whichever is greater. Termination Value Schedules are included in each site's Power Purchase Agreement Project Agreement.

**What happens if roof repairs are needed and panels have to be removed?**

If roof repairs are needed, Secure Solar Futures will work with the City to make the necessary accommodations, as per contract terms. Depending on the scope of the repair needed, panels can be removed and stored until time for reinstallation, at the City's expense. While the system is offline, the building will rely on electricity from the grid, and utility bills may be higher during this time. After repairs are complete, Secure Solar Futures will reinstall, connect, and restart the system as soon as practical. Any costs associated with temporary removal of systems will be minimal compared to realized savings over the generation term.

**How does this affect our annual budget?**

The PPA requires no additional budgeting, as proposed rates are lower than Dominion Energy's. Energy payments to Secure Solar Futures are treated the same as other essential utility services and will remain within each department's existing utility budget. Each building system has been carefully sized based on site-specific energy usage and available rooftop capacity to ensure that the electricity generated can be fully utilized onsite. This approach will offset a substantial portion of the City's current electricity purchases from Dominion. Any extra solar power generated that isn't used onsite, will go back to the grid as a credit on our Dominion account ("net metering"), and we will continue to pay Dominion for any supplemental power needed. Even though we will be paying Secure Solar Futures and Dominion, our total cost of energy will remain lower than our current spending, which will translate to substantial utility cost avoidance savings. These projected first-year savings have been calculated for each site and will continue to be updated during the 25-year term to reflect real-time data.