



# *Wind Energy Procurement Project*

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Presented before MWAQC – Strategic Planning Session  
Metropolitan Washington Council of Governments  
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*Fairfax County*



## *Utility Analyst Responsibilities*

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- **Represent citizens at Va. SCC in electricity, natural gas and telecommunications rate cases**
- **Negotiate contracts for electricity to county government**

# *Why a Wind Energy Purchase*



- **Mid 2003, County's environmental coordinator began inquiries**
- **BOS seeking to provide leadership/ultimately receive SIP credit**



# Barriers to Purchase

- **VEPGA (Virginia Energy Purchasing Governmental Association) composed of over 225 local government entities, formed to buy electricity competitively**
  - **Did not foresee need to buy power at rates in excess of capped rates**
  - **Need to change by-laws to enable**



# VEPGA Board Action

- **Some initial resistance to change in by-laws, 4 of 11 initially voted no.**
- **However, through education, change approved unanimously in April 2004.**
- **Structure now in place to proceed with purchase.**



## *Board Environmental Agenda Put in Place June 2004*

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- Six program areas, one of which is air
- Sept. 04 BOS approves \$2 million for all projects
- Nov/Dec 04 projects begin implementation



# December 2004 Wind Purchase Initiative Begun

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- Goal to initiate purchase by April 1, 2005
- Notice sent out to 225 VEPGA members about Fairfax County's intent to purchase
- Arlington, Alexandria and Prince William initially expressed some interest in joint procurement
- Arlington only one to follow through



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## What Type of Purchase

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- Actual electricity or Renewable Energy Credits (REC's)?
- Direct electricity purchase not as doable
- REC's purchase the environmental attributes of the wind energy facility





# Wind REC Purchase Implementation Timelines

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- 1/25/05 – distribution of RFP's for local government comment
- 2/11/05 – comment due
- 2/25/05 – RFP's and sample contracts out
- 3/8/05 – bidders questions due
- 3/11/05 – bids due



## Wind Purchase Implementation Timelines, continued

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- 3/21/05 – best and final bidders notified
- 3/23/05 – best and final bids due
- 3/25/05 – bid's accepted (extended to 3/28)
- 3/29/05 – agreement in principle reached with winning bidder
- 3/29/05 to 4/05/05 – work out contract language



## RFP Design

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- Patterned after Montgomery County, MD
- Wind source needed to be in an area West of our region (areas of eligibility specified)
- Likely to be eligible to ultimately receive SIP credit



## RFP Responses

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- Three complete bids received (over 20 mailed)
- All 3 had opportunities at best and final
- All 3 improved bids at best and final
- Two bidders offered same product
- One bidder offered a blended product



## RFP Responses, continued

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- Lowest bid initially favorably considered
- Problem with product being 'blended' from 3 sites
- Ultimately decided with slightly higher bid with all REC's from one source



## *Wind Purchase Size and Source*



- County agrees to purchase REC's = 5% of its load from WGES
- 5.8 Million kWhs per year
- Source: Mountaineer Wind Farm in W.Va



# *Wind Purchase Term and Credits*



- Two year contract – April 1, 2005 to March 31, 2007
- REC's transferred quarterly
- Verification cost issues – "green e" vs. GATS



## *Wind Purchase Costs*

- \$82,000 per year



\$15,000 in shared  
expenses for  
negotiations -  
Christian and  
Barton, LLP





## *Wind Purchase Benefits*



- First such initiative in Virginia
- One of many programs designed to improve air quality
- Provides leadership for others



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## *Wind Purchase Benefits: Yearly Reduction in:*



- 6.3 million pounds of CO<sub>2</sub>
- 23,200 pounds of SO<sub>2</sub>
- 11,600 pounds in NO<sub>x</sub>