

Airport discusses solar power system

If approved, it may still take one to three years before it can be installed

BY JOSH JONES

SENTINEL NEWS STAFF

MT. VERNON — The Mt. Vernon Airport Authority Board of Commissioners recently heard a presentation from Affordable Gas and Electric (AGE) about the possibility of installing a solar power system at the airport.

Ross Calliott, vice president of operations for AGE, said that they met with Airport Director Chris Collins a few weeks ago and started talking about the prospect of putting solar on site. He said the purpose of his presentation was to walk the board through the overview to determine if that is something the airport would be interested in.

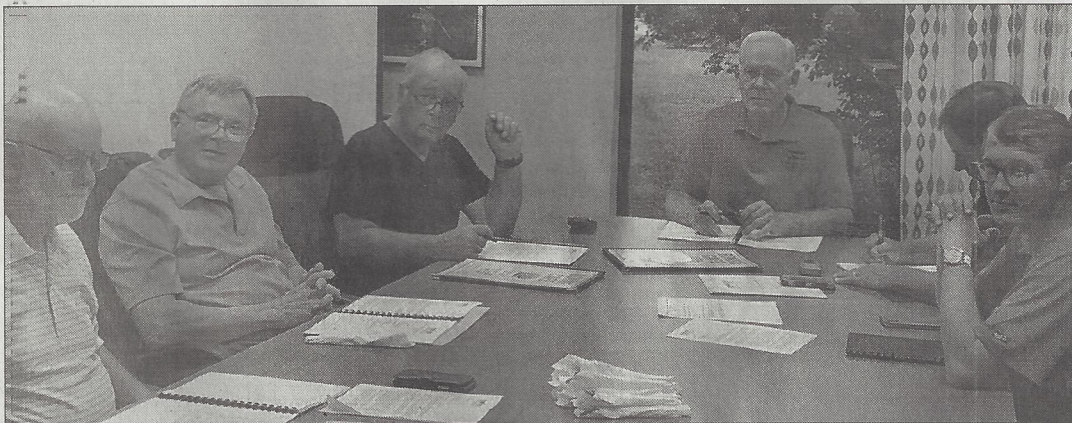
“In a nutshell, you guys have a lots of land and, in a lot of cases, you guys can’t do something with it for development purposes. That is great for solar,” Calliott said. “On the flip side, you are also a non-taxpaying entity and so

much of the economic viability of solar is derived from tax credits and depreciation value.”

Calliott said that before December 2017 if an entity like the airport in Illinois asked if they could do solar he would say they could, but because they could not monetize the tax benefits it was going to be very expensive.

“What changed last year is the state introduced an incentive called Solar Renewable Energy Credits [SREC] and it is essentially a state incentive of everybody on Ameren and

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Sentinel Photo/JOSH JONES

SOLAR POWER — The Mt. Vernon Airport Authority Board of Commissioners recently heard a presentation from Affordable Gas and Electric (AGE) about the possibility of installing a solar farm at the airport. The board gave the go ahead for more research to be done on the matter, but no official decision has been made.

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[Commonwealth Edison Company] and all the other utilities, you are actually paying a small line item on the bill. All repairs pay into that fund, and the Illinois Power Agency awards renewable energy credits to people that develop solar energy," Calliott said. "Since that has come into play, it looks a lot more attractive for you guys."

Calliott said that the airport pays roughly between \$40,000 and \$50,000 a year as their current electric expense, with the best available supply rate AGE can negotiate. He explained that for the purpose of the presentation they modeled a generic system and came up with some rough costs for it but emphasized that the costs are not an official offer as there might be other factors that raise or lower the cost.

"Such a system roughly speaking would roughly cost between \$600,000 and \$700,000. I would hope we could get it closer to \$600,000, but that is going to depend on a lot of things we need to determine," Calliott said.

Calliott explained that the SRECs are derived from how many kilowatt hours the system is going to produce over 15 years.

"The SREC amount is worth roughly \$250,000 on such a system," Calliott said. "I say roughly because ultimately we as AGE are not the ones that calculate that number. We know what the formula is, but officially the state calculates it."

"So the rough math on this is a system cost of \$700,000 renewable energy credits that you will

realize over a five-year period. At the end of five years, you will have your last payment and the total is \$250,000, and that leads to a new system cost for you guys of right around \$450,000," Calliott said.

Calliott said that would put the airport into the nine- to 10-year range for payback. He discussed the possibility of some money that could be used for a bondable amount of money or a five-year note.

"We know lenders are generally very comfortable lending, especially to bodies that can tax for these solar systems," Calliott said. "The banks understand that the solar system generates a certain amount of kilowatt hours that saves you X dollars on your bill and you free up that capital to pay your loan."

Calliott said his goal is for the airport to be able to pay off the system in five years.

"On a five-year term with a \$50,000 down payment, between the amount of money you save on your electric bill ... plus roughly \$50,000 in proceeds from the bond business for five years, at the end of five years you have paid off your note, you don't have to make payments out of the bonds anymore, the system is owned and there on out there is really no operations or maintenance expenses," Calliott explained.

"If you total up recouping the investment plus savings from the next 25 years — and the system will last beyond 25 years — that yields \$871,000 was my yield on utility bill savings as a result of the solar system," Calliott said. "That was if it was done as a cash deal. If you finance it is about \$750,000, and the difference between those two is simply the interest you are going pay over that five-year period."

The panels on the system would be under warranty for 25 years. The system is said to take up roughly one acre of land.

"At the end of the day, the exact location is still something we need to determine, but you guys in our opinion have plenty of available land," Calliott said. "It is just a matter of what can be used, where they will let you build."

Weather permitting, if the system was approved Calliott said it would take around a month for the system to be approved and installed.

When asked if the board of commissioners thought this was something worth looking into further, Commissioner Ryan Wellmaker shared his thoughts.

"I definitely can see the short term and the long term benefits to the airport," Wellmaker said. "As time progresses, saving \$40,000 to \$50,000 a year for the airport would be pretty good for future development we could have here. It frees up a lot of money."

"It is a relatively high upfront cost, but a short term expense for a long term gain," Wellmaker added.

Collins gave his thoughts on the solar system as he explained that the utilities bill is the airport's third biggest line item.

"Taking a big chunk out of that would be nice," Collins said.

Collins explained that on the airport's side various studies through the FAA will have to be held and could potentially take one to three years. The board gave the go ahead for AGE to continue to look into it and to come up with more concrete numbers that are expected to be presented to the board at next month's meeting.

jjones@morningsentinel.com