MICHIGAN STATE
UNIVERSITY

APPROVED
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BOARD OF TRUSTEES
MICHIGAN STATE UNIVERSITY

February 14, 2020

MEMORANDUM

To: Committee on Budget and Finance

From: Samuel L. Stanley, Jr., M.D.
President

Subject: Installation of a 20 MW Solar Array on South Campus

RECOMMENDATION

The Trustee Committee on Budget and Finance recommends that the Board of Trustees authorize the Administration (i) to enter into a power purchase agreement for the construction of a 20 megawatt solar array in the agriculture district; and (ii) to complete infrastructure improvements necessary to connect this array to the MSU utility system.

RESOLUTION

BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to negotiate and execute a power purchase agreement and associated agreements, including leases, for the purpose of constructing a solar array in the agricultural district and infrastructure improvements necessary to connect the array to the T.B. Simon Power Plant, for a term that may exceed 10 years, and upon such other terms and conditions as may be acceptable to the President or his designee.

BACKGROUND

In 2017, the Board of Trustees reaffirmed commitment to the Energy Transition Plan. First adopted in 2012, the Plan sought to balance energy capacity, health, reliability, environment, and cost. The Plan calls for increasing the University renewable energy portfolio, thereby reducing greenhouse gas emissions. The Plan also calls for continuing reduction in demand through conservation and optimization of existing building systems. Savings from this approach allow the university to reallocate a portion of the energy budget, increasing affordability and MSU's ability to deliver teaching, research, and outreach to the State of Michigan and the world.

Solar energy technology continues to progress, and there are current federal tax incentives to spur further investment. By partnering with a private sector energy provider, MSU has the opportunity to significantly increase its renewable energy portfolio. At its peak, the proposed array could produce one-third of MSU's peak electrical demand. The contract for this project is anticipated to be similar to the solar carports installed on south campus.

Office of the President

Hannah Administration Building
426 Auditorium Road, Room 450
East Lansing, MI 48824

517-355-6560
Fax: 517-355-4670
president.msu.edu

The solar farm will be installed across approximately 100 acres between Bennett Road and Jolly Road, west of Hagadorn Road in the Agriculture District and will result in a material change to the landscape. The project will also enhance utility distribution, including an interconnect between the Power Plant and the new solar field and possible connection of the Veterinary Diagnostic Laboratory. MSU will purchase power generated from the array. The guaranteed cost of power from this arrangement is less than our cost to produce electricity and our current price to purchase from the grid. The solar array will begin producing energy by the end of 2022.

The project will also require final connection of the array and associated switching, grid stability analysis, adjacent land improvements for Agriculture and Natural Resources and planning costs that will be the responsibility of the University. The cost for these activities is anticipated to be approximately $2,300,000 and will be funded by the utility reserve.

cc: Board of Trustees, T. Sullivan, B. Quinn, K. Wilbur, N. Barr, M. Zeig, D. Bollman, V. Gore, M. Haas, J. Gaboury, L. Gremel, B. Kranz, C. Leese, M. McCabe, J. Mumma, J. Rayis, L. Senecal, L. Adams, W. Bauer, S. Jett, R. Hendrick

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