

Kuether-Steele, Molly

From: Bauman, Robert
Sent: Monday, February 17, 2020 8:23 PM
To: Shambarger, Erick
Cc: Spiker, Scott; Knapp, Luke; Broadnax, Keith; Misky, David; Borkowski, Mark; Murphy, Michael (Alderman); Kovac, Nik; Johnson, Cavalier; Lemmer, Jodi; Owczarski, Jim; Kuether-Steele, Molly; Broadnax, Keith
Subject: Re: Solar Now Rent Report

Luke's insight is new. Why was this not presented earlier? This is complicated (try explaining the rent formula to an average citizen) and infused with utility regulation issues and politics. This entire proposal and alternative models to achieve alternative energy production needs to be analyzed and vetted by experts who have a full grasp of this field and can demonstrated political independence before the council accepts the recommendations we are receiving. Once we approve this 20 year lease we are locked in. The city does not do well under long term leases-Summerfest.

I was told WE Energies rejected a proposal to place a floor on lease payments so the rent could not be reduced as it can under the current formula. Why is this not reasonable?

The lease says WE Energies can use Milwaukee in its marketing, advertising and public relations. Should they not pay to use our name? No private business would agree to this without consideration.

Sent from my iPhone

On Feb 17, 2020, at 7:45 PM, Shambarger, Erick <Eshamb@milwaukee.gov> wrote:

Good evening,

I'm in Florida on a family trip, so I'm sorry for not being available to answer questions in person. As Luke notes, the lease payment could marginally increase if the Service Agreement is signed June 1. However, the resolution provides that we won't sign the Service Agreement until after We Energies gets DNR and FAA approval and final engineering, which could take months. So it makes sense to approve the resolution now. If this is the only sticking point, we can administratively wait to sign the Service Agreement until June 1.

But waiting until June to approve the resolution risks pushing construction into 2021, delays lease payments to the City, sets the Air National Guard back in their project planning, and delays the urgent action needed on climate change.

Thank you for your consideration.

Erick

From: "Knapp, Luke" <Luke.Knapp@milwaukee.gov>
Date: February 17, 2020 at 3:52:32 PM CST
To: "Bauman, Robert" <rjbauma@milwaukee.gov>, "Broadnax, Keith"

<Keith.Broadnax@milwaukee.gov>

Cc: "Lemmer, Jodi" <Jodi.Lemmer@milwaukee.gov>, "Kovac, Nik"

<nkovac@milwaukee.gov>, "Murphy, Michael (Alderman)"

<mmurph@milwaukee.gov>, "Borkowski, Mark"

<Mark.Borkowski@milwaukee.gov>, "Spiker, Scott"

<Scott.Spiker@milwaukee.gov>, "Johnson, Cavalier"

<Cavalier.Johnson2@milwaukee.gov>

Subject: RE: Solar Now Rent Report

Not exactly. If the new CONE are approved by the FERC, the proposed number for LRZ 2 would be inserted into the formula. So assuming that the capacity accreditation remains constant, the new formula would be 1.125 (accredited capacity) X 91,860 (new proposed CONE) = \$103,342. Divided by twelve months, that would be a monthly rent payment of \$8,611.88. The current proposal has an estimated monthly rent payment of \$7,581. The difference would then be an additional \$1,030 per month if the FERC accepts the new CONE value in June.

From: Bauman, Robert

Sent: Monday, February 17, 2020 3:26 PM

To: Knapp, Luke

Cc: Lemmer, Jodi; Kovac, Nik; Murphy, Michael (Alderman); Borkowski, Mark; Spiker, Scott; Johnson, Cavalier

Subject: RE: Solar Now Rent Report

So are you saying that if we wait four months to approve this file the city would get \$6,300 in additional rent per year for 20 years assuming all other factors remain constant?

From: Knapp, Luke

Sent: Monday, February 17, 2020 3:14 PM

To: Bauman, Robert

Cc: Lemmer, Jodi

Subject: RE: Solar Now Rent Report

Hi Ald. Bauman,

MISO's next Planning Year runs from June 1, 2020 through May 31, 2021 – that is when the proposed CONE value go into effect.

I've attached MISO's request to the FERC as documentation of this.

From: Bauman, Robert
Sent: Monday, February 17, 2020 2:44 PM
To: Knapp, Luke
Cc: Lemmer, Jodi
Subject: RE: Solar Now Rent Report

When does the new CONE value go into effect?

From: Knapp, Luke
Sent: Monday, February 17, 2020 2:13 PM
To: Bauman, Robert
Cc: Lemmer, Jodi
Subject: Solar Now Rent Report

Ald. Bauman,

Please find attached a memorandum breaking down how the Solar Now rent payment to the City is calculated. Please let me know if there of any additional information you would like, or any comments or questions.

Thank you,

Luke Knapp

Legislative Fiscal Analyst – Lead

City of Milwaukee

Legislative Reference Bureau

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