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NMTCs Fund Solar Facility in Ohio

By Mark O'Meara, Staff Writer, Novogradac & Company LLP

While SolarVision LLC, an Ohio-based solar developer, has earned a name for itself by developing small solar facilities, it recently took on a much larger development in Celina, Ohio. Celina Solar Project I, a 5-megawatt, ground-mounted, photovoltaic facility, produces enough power to meet up to 8 percent of the city's total energy demand, providing enough energy to power an estimated 500 homes. SolarVision completed construction Dec. 22, 2012.

"We have previously done a number of smaller projects under 250 kilowatts (kW)," said Mike Dickman, vice president and director of operations at SolarVision which developed the facility. "We saw an opportunity where a larger scale utility project could fit well in the Ohio market ... We thought this project was a good place to start."

The \$18 million development spans 32 acres and produces an estimated 6.4 million kilowatt-hours (kWh) of electricity each year. A large facility in a city as small as Celina, which has a population of 10,400, has provided a significant economic boost. This is particularly beneficial because of Celina's 15 percent poverty rate, said Amanda Hoyt, director of public affairs at Finance Fund, which was the community development entity (CDE) for this development. During construction it provided the city with an estimated 80 full-time jobs and 20 part-time jobs, said Dickman.

"The importance of this development was the economic impact it had on the community," said James Klein, CEO at Finance Fund. He went on to say that the investment in capital, job training and job creation made the project attractive to the Finance Fund.



Photo: Courtesy of SolarVision LLC

Celina Solar Project I produces enough power to meet up to 8 percent of the city of Celina, Ohio's total energy demand.

Not only is this the first solar facility in the city of Celina, but it is also the city's first on-site generation source of any kind. Historically, the city of Celina has purchased power from the grid as a member of American Municipal Power.

The two primary challenges during the development process were finding investors and getting city approval to begin construction, Dickman said. "Since solar was fairly new to the state, getting the city's approval was hard," Dickman said. "Because it's a municipal power company, you have to start with city administration. Every step from then on has to be approved by city council."

Federal and State Incentives Finance Development

Unlike most solar developments, Celina Solar Project I was funded primarily through the use of new markets tax credits (NMTCs). The development was funded with \$17.7 million in federal and \$2.6 million in state NMTCs, which were allocated by Finance Fund.

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Photo: Courtesy of SolarVision LLC
Celina Solar Project I, a 5 megawatt ground-mounted, photovoltaic facility, can provide enough energy to power an estimated 500 homes.

"It was a way of supplementing our other financing," Dickman said. "The NMTCs fit the bill and we were able to use them leverage more funding."

Klein said that without the NMTCs this development couldn't have come to fruition. "The use of NMTCs for this project fit our mission – to drive capital into unstable economies," Klein said. "Bringing public dollars in that can leverage private dollars allows us to build assets in low-income communities and generate revenue streams for these communities."

JPMorgan Chase, New Energy Capital (NEC) and the CleanTech Alliance Fund, managed by North Sky Capital, provided equity investments in the development. Chase invested \$5.4 million in equity for the federal NMTCs and \$650,000 in equity for the state NMTCs, CleanTech Alliance Fund invested \$6.6 million and NEC provided both the NMTC leverage loan and the balance in equity financing. The development also received a \$4.4 million Section 1603 renewable energy cash grant that was not subject to sequestration from the U.S. Department of Treasury.

"SolarVision had a track record of building successful commercial scale projects, and their experience was an important factor in our decision to participate in the project," said Adam Bernstein, managing partner at NEC. "Chase, the city of Celina and Finance Fund were quality counter parties and the deal was put together well."

Kevin Goldsmith, senior vice president and originations manager of the Chase NMTC team, thought this development was a nice fit for the NMTC program. "The project has strong local support from the city and state," Goldsmith said. "In addition, it provided low cost electricity, developed the infrastructure of Celina and created jobs."

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While NEC and SolarVision own and operate Celina Solar Project I, Hanwha QCELLS USA provided engineering, procurement and construction services; operation and maintenance services; and construction financing. Hanwha QCELLS USA also provided creative structured equipment financing to the equity sponsors.

“We have significant experience delivering turnkey utility projects, but supplying 8 percent of Celina’s power needs with clean electricity is truly unique. We look forward to completing similar future projects with SolarVision and New Energy Capital,” said Spencer Smith, director of business development at Hanwha QCELLS USA. ❖

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