SFCHC
YOUR HEALTHCARE HOME

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SOLAR FOR NONPROFITS

Affordable energy for a community lifeline

Solar power + battery storage helps the San Fernando Community Health Center stabilize its energy costs, with benefits for health and the environment.

For low-income families in this small California city, the San Fernando Community Health Center (SFCHC) is a lifeline. The center offers a vast array of health services: pediatrics, dentistry, obstetrics and gynecology, mental health care – even classes in healthy cooking for diabetics. As a Federally Qualified Health Center (FQHC), the center serves patients eligible for Medi-Cal (California's Medicaid program) and the uninsured, logging more than 51,000 visits in 2023.

For FQHCs, costs are always an issue. "We can't raise our fees because they are set by federal and state mandates," says Audrey Simons, SFCHC's CEO. "But we pay the same utility bills as everyone else. So, when energy costs go up, we just have to absorb it."

That's why Simons was intrigued when Andrew Mac-Calla, CEO of Collective Energy, proposed a plan that would stabilize the clinic's energy costs. MacCalla offered to install solar panels on the center's roof, paired with a battery backup (solar+storage). Collective Energy would pay all of the upfront costs, then offer SFCHC an energy services agreement to supply power at a fixed, low rate for the next 15 years. Collective Energy would recoup its investment through the cen-

ter's monthly payments, which are kept as low as possible thanks to benefits from tax credits, rebates and incentives. And, at the end of the 15-year term, SFCHC would own its solar+storage system outright.

Simons took MacCalla up on his offer. The solar panels now on the center's roof will soon provide 60% of SFCHC's energy. The battery backup will keep the lights on during an outage, supplying power to critical functions such as vaccine refrigerators and computer servers.

New financing opportunities for solar installations are available through the Biden Administration's Inflation Reduction Act and Greenhouse Gas Reduction Fund.

SFCHC's solar+storage project was made more affordable by the extension of tax credits in the Biden Administration's Inflation Reduction Act (IRA). The IRA permits new ways to monetize the credits, helping developers like Collective Energy avoid the complex and expensive tax equity partnerships common before the IRA passed. Because it paid for the system, Collective Energy will claim the tax rebate and depreciation benefits of SFCHC's system.

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Protecting the first responders

MacCalla started Collective Energy after years of working with Direct Relief, a humanitarian aid group. In that role, MacCalla saw what happens to community health centers – and their patients – when the grid goes down. He believed that solar+storage could make health centers more self-sufficient and resilient in disasters, protecting their ability to serve as first responders.

But few health centers had the capacity to pursue solar+storage. "Time is limited and often cash is tight," says MacCalla. Collective Energy works to help health centers overcome those barriers: "We oversee and can finance the entire project, so they don't have to do a thing or pay a dime until the system is operational and producing clean, reliable energy."

Simons knew MacCalla from his work with Direct Relief, and that provided an important base of trust. "You need to be sure you're not getting involved with a firm that doesn't know what they are doing, or is just trying to make a buck," she says.

Progress, pitfalls, and lessons learned

The first step in the SFCHC project was to secure approval from the City of San Fernando, which owns the center's building. "We asked if it would be a problem," Simons remembers, "and they said, 'Absolutely not. We're trying to do the same thing with every city building.' That made everything easier."

Next, Collective Energy conducted a site assessment. The assessment revealed weaknesses in the 100-year-old building's roof, which needed repairs before the solar panels could be installed. The battery backup also hit a snag: while SFCHC qualified for a free battery through a state program, they were approved for a smaller battery than called for in the project plan. The solar panels were installed early in 2024 by GRID Alternatives, a nonprofit solar installer that also provides workforce training opportunities in disadvantaged communities. The battery backup will be installed in April 2024; MacCalla will work with SFCHC to add a larger battery in the future.

Simons urges other nonprofits to consider solar+storage: "Particularly in areas where energy costs are going to keep going up, like the western United States, it makes good sense for nonprofits to look into alternative energy mechanisms – before it becomes an imperative."

Even more importantly, solar power has benefits for health and the environment. "As climate change becomes more and more evident, health centers have a particular responsibility to mitigate our climate impact," says Simon. "As FQHCs, we understand that health is not just a doctor's appointment; health is the environment."

AT A GLANCE

System overview
- 106 kW of rooftop mounted solar
- 52 kWh of NMC battery
- Total project development cost: $297,594
- Warranties on system: 25 years for solar panels; 16 for solar inverters; 12 for energy storage

Providers
- TA provider: American Microgrid Solutions
- Developer: Collective Energy Company
- Lenders: The Kresge Foundation for construction finance, Capital Link for long-term financing
- Installation: GRID Alternatives

Financing stucture
- Energy Services Agreement
  - Price per kWh of electricity: $0.152
  - Monthly fixed charges: $0
  - Estimated savings: $200,000 over 15 years; $13,300/year; $1,110/month

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