



Government Affairs & Natural Resources

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MEMO

To All Interested Parties:

On behalf of San Miguel County, Colorado, I am providing a summary of my research comparing San Miguel County's solar permitting costs for residential and commercial solar.

In San Miguel County, we differentiate between small-scale PV systems that are designed to supply power on-site for residential or commercial businesses and Public Utility Structures, which provide power distributed through the grid that is sold by a utility to off-site end users.

The SolSmart application materials refer to "residential" vs. "commercial" solar. For the purpose of this review, I am assuming that SolSmart is using the terminology used by the National Renewable Energy Laboratory (NREL)¹ in its classifications for its U.S. Solar Photovoltaic System Cost Benchmark reporting:

NREL PV Sector	Description	Size Range
Residential	Residential rooftop systems	3–10 kW
Commercial	Commercial rooftop systems, ballasted racking	10 kW–2 MW
Utility-Scale	Ground-mounted systems, fixed-tilt and one-axis tracker	>2 MW

San Miguel County classifies solar systems by whether they would receive an Administrative Review under Section 3.4 of the Land Use Code or a Two-Step Review under Section 3.6 of the Land Use Code.

SMC PV Sector	Description	Size Range
Small-scale (Use-By-Right)	On-site ground-supported or rooftop systems of any size which generate power used on-site for residential, commercial, agricultural, or industrial uses. May be net-metered. Site Development Permits are processed administratively (LUC Section 3.4).	ANY
Public Utility Structure Utility-Scale	Solar PV array and structures intended to generate power distributed through the grid and sold by a utility to the end user. Site Development Permits require a Two-Step Process (LUC Section 3.6).	ANY

¹ <https://www.nrel.gov/docs/fy17osti/68925.pdf>

This review consists of examining San Miguel County’s permitting fees and other associated fees for 1) Small-scale solar systems that are permitted administratively by the Planning and Building Departments; and 2) Solar arrays that are permitted through a two-step Planning Department process as Public Utility Structures.

I compared our permitting fees for solar PV systems that would be permitted under an administrative review process to obtain a Site Development Permit and Building Permit (if applicable) vs. a Two-Step Planning Review process to obtain a Special Use Permit.

Colorado’s Fair Permit Act ([HB 11-1199](#))² was signed into law in June 2011 and requires that the cost of a permit for solar projects 2 megawatts and smaller be based on the cost of issuance. Permit costs are capped at \$500 for residential solar installations and \$1,000 for commercial installations. This law was intended to help solve the problem of inconsistent and expensive solar permitting costs. One 2011 national study found that local permitting can increase the cost of residential solar by 15-20%³, a problem that becomes more pressing as the cost of solar hardware falls.

HB 11-1199 mandates, “A county shall not charge permit, plan review, or other fees to install an active solar electric or solar thermal device or system that, in aggregate, exceed the lesser of the county’s actual costs in issuing the permit or five hundred dollars for a residential application or one thousand dollars for a nonresidential application...”⁴

According to SunRun⁵, local permitting for residential solar PV systems can cost \$0.50 per watt which adds over \$2,000 to the cost of an average 4kW solar system.

The County has not changed or raised its fees for Site Development Permits or other permits required through the Planning Department since 2000. Planning Department fees were approved by the Board of County Commissioners in Resolution 2000-13.⁶ San Miguel County administratively applies a “no-fee” policy to small-scale renewable energy systems independent of the size or number of MW or kW. For Site Development Permits that are processed administratively (Land Use Code Section 3-4), there would normally be a cost of \$150. Due to the County’s “no-fee” policy, this fee is administratively waived for small-scale renewable energy systems, including solar PV systems.

Building Department fees would normally apply to a structure or modification requiring a building permit, where there would be a building permit fee, plan review fee and use tax based on project valuation.⁷ The Building Department also administratively waives the building permit fee, plan review fee and use tax for small-scale renewable energy systems, including solar PV systems.

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[http://www.leg.state.co.us/clics/clics2011a/csl.nsf/billcontainers/F3B0ACABC05F4CEA8725781D0073A2EB/\\$FILE/1199_enr.pdf](http://www.leg.state.co.us/clics/clics2011a/csl.nsf/billcontainers/F3B0ACABC05F4CEA8725781D0073A2EB/$FILE/1199_enr.pdf)

³ <https://ilsr.org/poor-solar-permitting-rules-increase-residential-solar-prices-20-percent/>

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[http://www.leg.state.co.us/clics/clics2011a/csl.nsf/billcontainers/F3B0ACABC05F4CEA8725781D0073A2EB/\\$FILE/1199_enr.pdf](http://www.leg.state.co.us/clics/clics2011a/csl.nsf/billcontainers/F3B0ACABC05F4CEA8725781D0073A2EB/$FILE/1199_enr.pdf)

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⁶ <http://www.thecountyrecorder.com/Document.aspx?DK=20825>

⁷ <https://www.sanmiguelcountyco.gov/DocumentCenter/View/59/Building-Department-Fee-Schedule-PDF>

For Public Utility Structures, the Planning Department TWO-STEP REVIEW (Land Use Code Section 3-6) fee is \$500.⁸ This is not waived. These types of structures, such as the San Miguel Power Association (SMPA) solar array project constructed in 2016, are ground-mounted. These therefore do not require a building permit and so there is no building permit fee, plan review fee or use tax incurred. This fee is per each project requiring a two-step planning review, regardless of the number of kW being generated. Therefore, the permitting cost per kW would change based on the size of the project.

San Miguel County is fully in compliance with HB11-1999 for small-scale systems.

San Miguel County's "no-fee" policy toward small-scale solar PV systems, which are accessory uses to residential, agricultural, commercial or industrial activities, reduces the cost per watt and streamlines the permitting process. Examples:

Non-Utility/Small-scale Use-By-Right/Administrative Review Solar PV --

8kW Small-scale ground-mounted self-supporting solar PV system valued at \$30,000⁹:

- Administrative Planning Review for Site Development Permit: \$0 (Waived \$150)
- Use Tax¹⁰: \$0 (No Building Permit needed).

San Miguel County's no-fee policy results in a total savings of \$150, which for an 8-kW system equates to a savings of \$18.75 per kW or \$0.019 per watt.

4kW Small-scale roof-mounted solar PV system valued at \$15,000:

- Administrative Planning Review for Site Development Permit: \$0 (Waived \$150)
- Building Permit Fee¹¹: \$0 (Waived \$281.40)
- Use Tax¹²: \$0 (Waived \$60)

San Miguel County's no-fee policy results in a total savings of \$491.40, which for a 4-kW system equates to a savings of \$122.85 per kW or \$0.123 per watt.

Utility-scale/Public Utility Structure/Two-Step Planning Review Solar PV --

200kW Public Utility Structure (utility-scale) ground-mounted self-supporting solar PV system consisting of 33 panels on 1.5 acres:

- Two-Step Planning Review for Special Use Permit: \$500
- Use Tax¹³: \$0 (No Building Permit needed).

⁸ <http://www.thecountyrecorder.com/Document.aspx?DK=20825>

⁹ Using \$3.75/watt as average cost of residential solar PV system in Colorado; [https://www.solar-estimate.org/solar-](https://www.solar-estimate.org/solar-panels/colorado?aff=4713&cam=193&gclid=EAlaIQobChMI17LH1s7y3QIVkNikCh0EqAzsEAAAYASAAEgIVh_D_BwE)

[panels/colorado?aff=4713&cam=193&gclid=EAlaIQobChMI17LH1s7y3QIVkNikCh0EqAzsEAAAYASAAEgIVh_D_BwE](https://www.solar-estimate.org/solar-panels/colorado?aff=4713&cam=193&gclid=EAlaIQobChMI17LH1s7y3QIVkNikCh0EqAzsEAAAYASAAEgIVh_D_BwE)

¹⁰ Use Tax is the county sales tax of 1% collected on 40% of the valuation of the project by the Building Department when there is a Building Permit. More detail at:

<https://www.sanmiguelcountyco.gov/DocumentCenter/View/59/Building-Department-Fee-Schedule-PDF>

¹¹ \$77.56 for the first \$2,000.00 plus \$15.68 for each additional \$1,000.00 or fraction thereof, to and including \$25,000.00. More detail at: <https://www.sanmiguelcountyco.gov/DocumentCenter/View/59/Building-Department-Fee-Schedule-PDF>

¹² Use Tax is the county sales tax of 1% collected on 40% of the valuation of the project. More detail at:

<https://www.sanmiguelcountyco.gov/DocumentCenter/View/59/Building-Department-Fee-Schedule-PDF>

¹³ Use Tax is the county sales tax of 1% collected on 40% of the valuation of the project. More detail at:

<https://www.sanmiguelcountyco.gov/DocumentCenter/View/59/Building-Department-Fee-Schedule-PDF>

San Miguel County's Two-Step Planning Review fee results in a cost of \$2.50 per kW or \$0.0025 per watt.

Conclusion of comparison of small-scale solar PV permit fees vs. utility-scale solar PV permit fees. San Miguel County's administrative "no-fee" policy for non-utility-scale solar PV systems and renewable energy systems avoids adding a soft cost for permitting fees or use taxes to these use-by-right/accessory use systems that receive administrative reviews. In the two examples above there was no cost of obtaining county permits which resulted in a savings of \$18.75 per kW for a hypothetical 8 kW ground-mounted solar PV system and \$122.85 for a hypothetical 4 kW roof-mounted solar PV system. Collecting the normal \$500 fee for a Special Use Permit under the Two-Step Planning Review process added \$2.50 per kW to the cost of the 200 kW Public Utility Structure solar array example.

According to SolSmart the national average is less than \$400 in fees for residential and limited to cost-recovery for "commercial." San Miguel County's no-fee policy results in waiving the \$150 Site Development Permit/Administrative Review fee for ground-supported small-scale systems, and waiving the additional value-dependent Building Permit fee and Use Tax for roof-mounted systems. Therefore, since our permits cost \$0, they are below the national average of \$400. As explained above, small-scale solar PV systems provide power on-site for more than just residential applications and are more akin to an accessory use-by-right of the primary uses occurring on a property.

For utility-scale Public Utility Structure, such as the SMPA solar farm, there is a Two-Step Planning Review process that leads to approval of a Special Use Permit. This process includes a pre-application meeting with the Planning Department and Planning Director, a follow-up letter to the proponent from the Planning Director, review of application materials and the Land Use Code, preparation of materials and presentation to the Planning Commission for their review and recommendation; preparation of materials, staff recommendation, and presentation to the Board of County Commissioners for their decision. This process exceeds ten hours of staff time to attend meetings with the proponent, Planning Commission and Board of County Commissioners; and to also perform the application/code review and materials/recommendation/motion documents for board packets and meeting presentations. The flat fee of \$500 is charged regardless of the number of kW or MW of the solar PV system or amount of staff time over ten hours. When factoring in staff salaries, technology and office supply costs, the County's permit cost for the utility-scale Public Utility Structures is below our actual cost of providing planning review and permitting services.

Sincerely,

SAN MIGUEL COUNTY, COLORADO
DIRECTOR OF GOVERNMENT AFFAIRS & NATURAL RESOURCES



Lynn Padgett