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California Grape Grower Harvests Solar ITCs

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With the help of the renewable energy investment tax credit (ITC), one California grape grower recently found a way to pair his green thumb with green power. Sundale Vineyards owner Todd Kinoshian said work started in December on a 1.13-megawatt (MW) solar photovoltaic system in Tulare, Calif. The solar facility, being built by Cenergy Power, is expected to save Sundale \$5.7 million in electricity costs during the next 25 years, the carbon equivalent of preserving 24,000 acres of forest and removing 30,000 metric tons of carbon dioxide from the atmosphere.

“This solar project is a testament to our commitment to the environment and social responsibility,” said Kinoshian. “Sundale firmly believes that environmentally-conscious agriculture practices are vital to the sustainable growth of the industry.”

When Kinoshian’s father started Sundale Vineyards in the 1980s, the company focused primarily on growing wine grapes. Today, Sundale exclusively produces table grapes, shipping 4 million boxes annually. Sundale ships most of its grapes within the United States. Kinoshian said international shipping accounts for about 6 to 10 percent of Sundale’s grapes, a percentage he plans to increase in the next year by shipping more boxes to Australia and New Zealand. In order to meet standards set by the import regulations of those countries, Sundale is currently adding four new pre-cooling and gassing chambers.

The new chambers are being built within the existing footprint of Sundale’s 152,000-square-foot cold storage

facility, which will have 10 pre-cooling rooms and the capacity to cool 75,000 cartons of grapes a day. The building also has eight storage rooms with enough room to store 750,000 cartons of grapes. Sundale’s new solar array will power the cold storage facility and the company’s nearby office building.

“We’ve looked at solar for a very long time, but about five or six years ago, it didn’t make sense financially. The prices [for solar installations] have definitely come down,” said Kinoshian. For him, another incentive for moving forward with the solar project was the federal ITC, which Sundale will receive for investing in the facility.

Bill Pham, Cenergy Power’s CEO, said Cenergy was one of the developers that bid on a previous solar project. Pham said Sundale wasn’t ready to invest in solar at the time, so his company kept in touch by updating Sundale on solar market news and local solar policies. Sundale decided in 2013 to go forward with a solar project and asked Cenergy to update its proposal, after which it selected Cenergy to be the developer.

Cenergy Power is constructing the solar facility on four acres of land that Sundale had been using for vineyards and is adjacent to the cold storage building. Kinoshian said Sundale considered having the panels installed on the roof of its cold storage facility. However, he said that after considering future maintenance requirements, it made more sense to have a ground facility so that panels would not have to be removed every time the roof needed repair.

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Photo: Courtesy of Cenergy Power

Once completed, the solar array will save Sundale Vineyards \$5.7 million in electricity costs over the next 25 years.

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Once completed, Pham expects the solar system to produce 1.8 million kilowatt hours (kWh) of clean energy annually, which will help offset 91 percent of Sundale's electricity bill and deliver a simple payback of four years with an 18 percent internal rate of return. Pham said that overall, the solar project benefits Sundale in three main ways: reduced energy costs, advancement of the company's environmental sustainability goals and improvement of its tax efficiency through the ITC.

"The investment tax credit played a significant role in this project because Sundale could effectively use 100 percent of the 30 percent ITC," said Pham. "This fact, combined with Sundale's strong financial performance, made the financing used for this project very cost-effective."

Kinosian agreed, saying, "I'm hopeful the tax credit incentives will continue in the future. They provide a win-win for producers, consumers and the environment." ❖

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