



DEPARTMENT OF VETERANS AFFAIRS  
WASHINGTON DC 20420

JUL 20 2015

The Honorable French Hill  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman Hill:

Thank you for your interest in ensuring that taxpayer dollars are well spent, as outlined in your letter to the Department of Veterans Affairs (VA) dated June 10, 2015, and your letter to the VA Office of Inspector General (OIG) dated April 16, 2015, regarding VA's solar panel project at the John L. McClellan Memorial Veterans Hospital campus in Little Rock, Arkansas. I look forward to hearing OIG's conclusions and to implementing any recommendations OIG may make.

After the Energy Policy Act of 2005 established targets for Federal agency use of renewable energy, VA began incorporating renewable energy projects into its Departmental energy management program. VA selects projects, such as the project in Little Rock, which provide positive net benefits to Veterans, VA facilities, local communities, and the Nation in the form of avoided utility costs, fuel diversity, energy security, and cleaner indoor and outdoor environments.

Unlike construction projects, these solar projects are accomplished as design-install contracts, procured from the General Services Administration schedule at firm fixed prices. Sixty-five percent of these contract awards since 2013 went to either a small business or a service-disabled Veteran-owned small business.

Solar panel projects delays are commonly due to issues related to the local electric utility grid. For every project, VA must submit a completed project design to the local utility company. The utility company reviews the design and identifies any modifications needed to ensure that the project can be safely connected to the utility company's electricity distribution grid. Utility time frames and/or the time needed for VA and the project contractor to address any utility-mandated modifications can extend project timelines, sometimes significantly. VA and the utility company must enter into an Interconnection Agreement before the project can go online and tie into their system. This process is the chief reason the Little Rock solar panels are not yet operational.

As stated in the enclosed letter from Dr. Carolyn Clancy, former Interim Under Secretary for Health, dated June 11, 2015, the 6,104 solar panels that are not affected by construction of the parking garage are scheduled to be online in the fall of this year. The remaining 1,400 will be online once the parking garage is complete. The parking garage contract was awarded in January 2015 and the project broke ground in March 2015. The parking garage is currently scheduled for completion by June 2016.

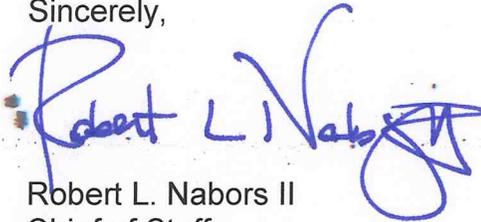
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Solar panel projects have been completed at 65 VA sites nationwide and are providing free electricity to those facilities. At the John L. McClellan Memorial Veterans Hospital campus in Little Rock, recent estimates indicate that VA will realize an annual savings of \$207,266. The cost savings achieved can go back into providing services for Veterans. In addition to cost savings, solar photovoltaic projects increase renewable energy at VA facilities and reduce greenhouse gas emissions.

Should you or your staff have additional questions, please have a member of your staff contact Angela Prudhomme, Congressional Relations Officer, at (202) 461-6471 or by email at [Angela.Prudhomme@va.gov](mailto:Angela.Prudhomme@va.gov).

Sincerely,



Robert L. Nabors II  
Chief of Staff

Enclosure



DEPARTMENT OF VETERANS AFFAIRS  
Under Secretary for Health  
Washington DC 20420

June 11, 2015

The Honorable French Hill  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman Hill:

Thank you for your April 8, 2015, letter to the Department of Veterans Affairs (VA) regarding the 1.8 megawatt solar photovoltaic (PV) and the parking garage projects at the John L. McClellan Memorial Veterans Hospital campus in Little Rock, Arkansas. I am responding on behalf of the Department, and I regret the delay. I would like to provide status updates for both projects and an enclosure that contains answers to the specific questions in your letter.

The Central Arkansas Veterans Healthcare System (CAVHS) was already under way with the solar PV project, awarded in January 2012, when a separate parking garage project was approved for design funding in the 2013 President's budget, released in February 2013. The solar PV project was 95 percent complete in October 2013 when it was delayed in order to allow completion of the Interconnect Agreement with the local utility company. The Interconnect Agreement, which permitted the CAVHS solar PV system to connect to the local utility, was signed in September 2014.

During the project definition phase for the parking garage design, VA evaluated three footprint configurations for the parking garage and selected a site that maintained the viability of both the solar PV project and the parking garage. VA selected the site that lessened the impact to the solar PV project (minimized the number of relocated panels with no loss of system capacity) and optimized the location of the parking garage relative to the hospital. The footprint selected requires relocating 1,400 of the 7,504 panels to the top of the parking garage. The parking garage contract was awarded in January 2015 and the project broke ground in March 2015. Construction on the parking garage should be finished by June 2016.

In May 2015, the solar PV contractor submitted a design, for VA's approval, to comply with the requirements of the utility company. Per the current schedule, the portion of the system not affected by the parking garage contract will be online by fall 2015. The remaining 1,400 panels will be online when the parking garage is complete.

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Should you or your staff have additional questions, please have a member of your staff contact Ms. Susan Kelly, Congressional Relations Officer, at (202) 461-6408 or by email at [Susan.Kelly3@va.gov](mailto:Susan.Kelly3@va.gov).

Thank you for your continued support of our mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Carolyn M. Clancy, MD". The signature is fluid and cursive, with a large initial "C" and a distinct "MD" at the end.

Carolyn M. Clancy, MD  
Interim Under Secretary for Health

Enclosure

**Enclosure with VA's Responses to Congressman Hill's Questions  
June 2015**

- 1. Was the PV system ever activated at the VA Medical Center in Little Rock to provide power for the facility?**

**VA Response:** The PV system has not been activated yet.

- 2. Why was the parking garage project approved after the groundbreaking has already begun on the PV system?**

**VA Response:** The PV project was awarded in January 2012. The parking garage project was submitted for consideration through the Fiscal Year 2013 Strategic Capital Investment Planning process. The parking garage project was approved for design funding in the 2013 President's budget, released in February 2013. Funding for construction was approved in FY 2015 with the approval of the Choice Act. Prior to the Choice Act, construction funding for the parking garage was expected to be approved in a future fiscal year based on the availability of funds.

At the time of approval of the parking garage, the contractor for the solar PV project had already spent \$1,789,000 for the purchase of solar panels plus design fees. Our rationale for proceeding was to provide the parking garage necessary to improve Veteran services as well as minimize the impact to the solar PV project. After the station was notified that the parking garage project was approved, contracts had to be written to acquire architect engineer (A/E) services, the award of the A/E contract had to be made, and the A/E had to perform a study to consider different sites. A contract for A/E design services for the parking garage was awarded in November 2012. The three locations identified as possible future parking garage locations were given to the local VA management to consider. The decision to go with site A (east parking lot) was made in July 2013 after the solar panels were already erected (the solar panels at site A were erected by March 2013). The A/E was then directed to provide a design that relocated the solar panels to the top of the parking garage.

- 3. What is the cost of relocating the solar panels, and how will the VA be paying for these additional costs?**

**VA Response:** The Little Rock solar PV project has 7,504 solar panels installed on the hospital roof and on canopy structures that cover the parking lots. Of the 7,504 panels, 1,400 panels are being relocated to the top of the parking garage under the parking garage contract. The actual cost to relocate the 1,400 solar panels is not known since the parking garage project was a lump sum bid by the Contractor. The cost of relocating the panels is included in the parking garage project.

**4. What are the estimated annual savings in energy costs once the PV system is activated?**

**VA Response:** \$150,000 - Note that cost savings was not the only consideration for pursuing the solar PV system project. Increasing renewable energy at Federal facilities and reducing greenhouse gas emissions as required by the Energy Policy Act of 2005 and Executive Order 13423 were also considerations.

**5. What engineering changes are needed to ensure the safety of the PV system?**

**VA Response:** The contractor's engineering analysis is not finalized. Entergy is the power company connected to the Little Rock VA Hospital. Entergy's System Impact Study requires the solar PV system be disconnected whenever the hospital's main breakers are open in order to prevent possible backfeed onto the utility's grid.

**6. Why was there insufficient planning with the local utility in order to insure compatibility?**

**VA Response:** Entergy required an Interconnect Agreement signed by both VA and Entergy before allowing tie-in to their system. Part of the Interconnect Agreement required a System Impact Study. The System Impact Study required a separate contracting and funding path with its own timeframe for completion, which was independent of the schedule of the solar PV project. The System Impact Study required data from the solar PV contractor (who was also responsible for the design of the solar PV). Consequently, the System Impact Study could not have started before the solar PV design was completed. Once the System Impact Study was completed, the contractor had to develop a cost proposal and a preliminary engineering analysis necessary to satisfy the requirements of the System Impact Study. The contractor would not have known Entergy's requirements until the System Impact Study was completed.

**7. When is the expected completion date for the parking garage project?**

**VA Response:** The expected completion date for the parking garage is June 1, 2016.

**8. What is the expected activation date for the PV system?**

**VA Response:** 6,104 of the 7,504 solar panels not affected by the parking garage project will be online by fall 2015. The remaining 1,400 panels affected by the parking garage will be activated by June 2016 when the parking garage project is complete.

**9. What are the total costs and savings from the construction and activation of the PV systems in other Key Renewable Energy Projects in Arkansas?**

**VA Response:**

- 1.3 MW North Little Rock, AR - Cost of \$5.4 million will save \$130,000/yr.
- 321 kW system Fayetteville, AR - Cost \$1.4 million and will save \$30,000/yr. Project also received \$264,454.23 in rebates from SWEPCO (local electric company).