HHS Office of Climate Change and Health Equity Inflation Reduction Act (IRA) Case Study

Organization name: Chiricahua Community Health Centers, Inc. (Chiricahua)

Organization tax status: Tax-exempt not-for-profit

Facility name: Multiple facilities including the Ginger Ryan Clinic, Pediatric Center of Excellence and Early Childhood Center of Excellence.

Facility location: Douglas, Arizona (Cochise County)

Brief description of facility: Chiricahua is the only Federally Qualified Health Center in Cochise County





and serves a rural population of 125,000 people on the US-Mexico border. Chiricahua is also among the 10 largest employers in the county and serves as both a health care provider and economic catalyst.

The Douglas facilities include (1) family medicine and dental centers, (2) Early Childhood and Pediatric Centers of Excellence, including a Women, Infants and Children (WIC) Program clinic with eligibility and enrollment services, (3) an administrative building housing the finance department, and health center eligibility and enrollment services, (4) an administrative call center, and (5) a full-service pharmacy that is co-located with an acute care clinic. The clinics in Douglas cared for 10,792 patients in 32,732 visits in 2023 and Chiricahua offers care in both Spanish and English. Chiricahua is the largest primary care organization in southeastern Arizona serving roughly 25% of the entire population in Cochise County.

The Project

Brief description of project partially financed by the IRA:

The 312-panel solar installation is estimated to produce 347,534 kilowatt-hours of electricity annually. These systems will provide 100% of the buildings' electricity for standard operations and the associated 500 kWh of energy storage will allow Chiricahua to continue to operate even when the grid is shut down.

IRA funding mechanism(s):

Investment Tax Credit for Energy Property with a potential Category 4 Low-Income Communities Bonus Credit (application pending)

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Other financing mechanisms used:

The solar project was developed and financed by a social benefit microgrid developer called Collective Energy Company at no upfront cost to Chiricahua through an energy services agreement (ESA). Through the ESA, the developer pays for all project development and construction costs, initially owns the project, and handles all the operations, monitoring, and maintenance of the system. At project completion, the developer is able to use an IRA provision called transferability to transfer the value of the Investment Tax Credit to a third-party buyer in exchange for cash.

Collecting the Investment Tax Credit transfer allowed Collective Energy to offer Chiricahua the opportunity to "lease to own" the system at an accelerated timeline of 20 years, and Chiricahua also has the option to buy the system outright after 5 years. Chiricahua will provide monthly payments to Collective Energy that are the same as current electric bills for 20 years, after which, Chiricahua will own the system if not purchased sooner.

Collective Energy is a partner in the Community Health Access to Resilient Green Energy (CHARGE) Partnership, which helps federally qualified health centers transition to clean, affordable and reliable energy. Other partners include Health Resources and Services Administration National Training and Technical Assistance Partners: the National Association of Community Health Centers and Capital Link.

Projected benefits of the project:

The combination of solar and battery power is a cleaner, more reliable, and more efficient solution than the small generators that were previously used to protect vaccines and medications. Diesel generators cause local air pollution that can negatively impact the health of our staff, patients, and community. Environmental considerations are important to the board and leadership not only when building new facilities, but even as we upgrade current clinic and administrative sites.



The Douglas area has frequent power outages. In the first six months of 2024 alone, there were more than ten power outages ranging from several minutes to several hours. Extreme heat events are a constant threat throughout the summer in southern Arizona, making reliable access to electricity imperative for medical care and supplies. Additionally, Douglas and other areas where Chiricahua has clinics face a moderate to high risk of wildfires which can cause loss of electricity due to destruction or preemptive power shutoffs as part of firefighting efforts.

Power disruptions can result in interruptions to care delivery and loss of supplies and medications that require refrigeration. These can be extremely costly, and mitigating the risk of these disruptions further strengthens this project's return on investment.

This project has also served a proof of concept and Chiricahua is now working with Collective Energy to install solar panels over the parking lot of a new health center in Willcox, AZ. Battery storage will be a component of the design.

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Advice and Guidance

What influenced your organization's decision to pursue this project?

The frequent power outages in our area lead us to initially purchase generators to keep our vaccines and medications safe. The generators were not sufficient to power the whole health center and we are aware of fuel issues others have had in extreme cold weather that could impact our area as well. Additionally, during prolonged power outages obtaining additional fuel can be difficult.

How did the IRA affect your decision-making about this project?

The 30% Investment Tax Credit and new transferability mechanism enabled Collective Energy to keep our ESA payments at our current utility rate for the next 20 years. In this way, Chiricahua will be gaining equity at no added cost to the organization. Without the Investment Tax Credit, Collective Energy would not have been able to offer Chiricahua such a favorable opportunity to support our facilities.

Looking back, is there anything you wish you had known when you were starting to consider this project?

We were unaware of the planning time it would take and perhaps naïve to the careful mathematical square footage requirements a successful solar installation would require. Additionally, our remote location made technical assistance visits difficult – which also prolonged the process. However, working with Collective Energy made this project much more simple for us, so we recommend working with a developer where appropriate.

What advice would you give someone pitching a similar project to their leadership or board?

To carefully consider any proposal for renewable energy because the demand for power and the environmental forces that disrupt the grid will only increase. We need to not only protect our patients and our community, but actively combat climate change. That said, it is not a simple process, so be prepared and in it for the long haul.

You can contact Chiricahua by emailing Dennis Walto, MA, Chief of External Affairs and Foundation Director, <u>dwalto@cchci.org</u>.

For more information on the Investment Tax Credit and other IRA opportunities, please visit the <u>Quickfinder for Leveraging the Inflation Reduction Act for the Health Sector</u>.



