

Minutes

Clean Energy Task Force Special Meeting Minutes

Monday July 7, 2014

Easton Community Room 7:30pm

Attendees: Cathy Alfandre, Carroll Brooke, Katie Callahan, Jeff Parker, Adam Dunsby, Paul Lindoerfer, Bob Lessler, Andy Kaechele, Jay Habansky

MINUTES

Meeting was called to order by Cathy Alfandre and agenda reviewed.

Topic: Discussion and possible action for proposals for Samuel Staples roof solar project: See handout. Cathy informed group that the meeting's scope would be limited to SSES solar project and not include discussion of other energy related projects in town.

Background: Carroll discussed SSES roof solar project background, discussions to date with 2 vendors, and explained ZRECs (zero renewable energy credits) and how they work.

ZRECS: Customers installing new renewable energy projects have an opportunity to sell their renewable energy certificates (RECs) to UI or CL&P. Qualified bidders would be able to sell RECs from zero-emission renewables such as solar panels for 15 year period contracts. Bids are due each spring and Easton has placed a bid for this year (\$.068/kw - 235kw). Bidding results are expected in July or Aug. RECs are sold at approx. 1/3 of regular prices. If RECs are awarded to Easton, we would be required to sign a contract for REC purchase within 10 business days after being notified of an award and post \$2500 performance bond to lock pricing. Our solar installation would need to be generating power by Oct '15 to begin receiving REC payments. If we opt to abandon project, \$2500 bond is forfeited. If we opt to decline the offer and delay a year or more, REC prices are expected to drop. If we decide to go forward we need to choose an installer. If our bid is not accepted, Carroll pointed out that there are other channels to sell RECs but these would be sold at a lower price.

Carroll reviewed current solar proposal from 2 separate vendors: ASAP and Bella/Needs. Proposals ranged from sizing solar project that would produce between 40-60% of SSES electrical needs. See handouts.

Carroll reviewed financing options: lease, power purchase agreement (PPA), direct purchase. A PPA requires no upfront cost and has lower risk, but provides low rate of return vs direct purchase has highest rate of return and payback of approx. 8 years.

Cathy briefly discussed other projects the 2 vendors had worked on.

Questions: Any guarantees on payback? There are guarantees on panels but not on payback. Cathy mentioned that our SSES current array well out-performs generation estimates.

Andy pointed out there are few installations with 20+ years generation data so proposal returns cannot be verified. He added the future of the Northeast energy supply is in flux due to interest in natural gas/fracking. This could result in lower electrical rates.

Cathy explained how the existing SSES panels came about.

There was significant discussion on condition of SSES 8 year old roof and its poor installation and current problems. If the solar panel project moves forward, will SSES require full roof replacement? It was agreed a roof inspector with solar experience needs to evaluate roof condition.

Cathy restated goals for meeting: We need to determine if we have enough info from vendor proposals to commit to the \$2500 performance bond should we be awarded ZRECs. If our bid is accepted, we have 10 days to sign contract.

The selectmen both agreed that \$2500 was an acceptable risk and we should continue to pursue the solar project. This would come out of Selectman's budget. All attendees agreed more information and data scrubbing are needed to validate project return and costs involved. The consensus of the participants was also that a solar consultant should be hired to help Easton evaluate the two proposals we have received. Follow ups are listed below.

Follow Ups:

1. Check why former SSES panel installer didn't bid.
2. Have qualified independent roof inspector with solar experience evaluate SSES roof and recommend next steps with and without solar installation.(BOE expense)
3. Run D&B on both vendors.
4. Revise financial proposal to include town financing cost.
5. Confirm estimate of days of actual "on roof" installation.
6. Need reference/feedback from other projects run by both vendors and verify their estimate vs actual returns. Develop questionnaire to compare projects. Did they have a consultant? State of their roof? Who did they seek bids from? How long has installation been operational?
7. Adam will speak with Ed Nagy regarding current roof issues.
8. Have energy consultant review 2 proposals to verify assumptions and make recommendations (i.e.cost of electricity, panel deterioration value, inflation rate, on-site avoided cost, maintenance contract options)
9. Run PPA financials to confirm return.
10. Find out when we would default on performance bond if we don't pursue installation

At 9:20 Carroll motioned to adjourn the meeting. Katie seconded.

Respectfully submitted

Katie Callahan

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CETF 7/7/14

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TOWN CLERK

Samuel Staples Solar Project Financing Alternatives

Staples electricity usage has been 950,000 kWh per year costing \$166,000
 With new energy management system, Honeywell estimates usage at 650,000 kWh costing \$114,000/yr.

Current demo solar panel system is 5.1 KW and generates 7,600 kWh/yr. (1% of usage)
 Proposed solar system would be 200-275 KW and generate 40-50% of annual electric usage

System cost would range from \$480,000 to \$740,000 excluding any roof repairs

Savings can range from \$58,000 per yr. to \$5,000 per yr. depending on financing plan selected

Many Financing Options

	<u>Annual Savings</u>	<u>Return on Investment</u>	
<u>Availability</u>			
Outright Purchase	Greatest	Good	Cash/credit
Outright Purchase + Debt	Very Good	Possibly Best	Credit rating
Lease	Terms Dependent and also availability of ITC usage Search/Negotiate Possible Early Buyout Option		
CEFIA Lease Option	Moderate	Moderate	Readily available
Power Purchase Agreement	Minimal	High-No investment	Heavily Promoted
	PPA Provider takes all REC income Plus a good portion of electricity savings Provider targeting 25% +/- IRR Liked by schools and municipalities because avoids financing		

7/7/2014