AGENDA ITEMS #:

19-75

COUNCIL MTG OF:

August 13, 2019

FROM:

Net Zero Task Force

OFFERED BY:

Net Zero Task Force

PREPARED BY:

Net Zero Task Force

SUBJECT:

Town Council to enter 5-year lease for electricity purchase

PURPOSE: To review the recommendation of the Net Zero Committee to lease land at the closed landfill for construction of a solar field, with an opportunity to purchase after Year 5 of operation.

TOWN ADMINISTRATOR COMMENTS: The Council is asked to review the relevant information for their decision as to proceeding with this project, and to hold a public hearing on the extended land lease on August 13, 2019.

BACKGROUND: The Net Zero Committee has been working towards the development of a solar field at the closed landfill. Options reviewed included an outright purchase and operation of the array; leasing the land to a third party with an option to purchase after year five; those previously mentioned arrangements with either a 1-Megawatt project, a 5 MW project, or a 1 MW convertible to 5 MW. The Committee received proposals from qualified vendors; given the costs and current legislative restrictions, the Committee recommends that the Town Council authorize a 1MW project by issuing a land lease to the developer, with an option for the Town to purchase after Year 5 of operation.

DISCUSSION: The economics of the project were presented to the Council at the June 4 meeting. Based upon the Committee's recommendation, it will not be seeking a Supplemental Authorization to invest in the project at this time but will be requesting Council authorization to enter into a land lease of a duration which may exceed five years. State statutes allow the Governing Body (Town Council) to enter into a lease up to five years and allows longer lease periods by the Legislative Body (Town Council after public hearing).

FISCAL IMPACT: It is estimated that the Town will save approximately \$33,000/year in electrical cost as the solar field is operated by the developer. Year 5 outright purchase (if authorized by the Town Council then sitting) is anticipated at \$1.25M, with the annual anticipated savings at that point of \$235K+. See attached.

As the solar field will be constructed in a federally designated Opportunity Zone, staff has researched to determine if these circumstances would provide more favorable financial terms and conditions. The Town has reached out to 8 national Opportunity Zone Funds to alert them of this project and has heard back from a few of the investment firms. It appears that the best use of OZ funding would be linkage between the investment firms and the vendor. The Town will play a role in coordinating these parties, should there be mutual interest.

RECOMMENDED MOTION: See Resolution #2019-041

STAFF REPORT Public Heaving, 8-13-19

1	Total Elec Needs (kwh)	Avg Solar Prod(1)	Elec Needed from Eversource	Purchase Price	Elec Cost from Eversource (2)	Net Metering Delta(3)	RECS(4)	Elec Savings (5)	Interest Rat	1% Yearly Cash	Cum Cash	NPV	Cum Cash Flow (NP
									Peak Demand				
												7 .	
1		1,761,760	515,183	(2,794,000)				229,029	22,903	(2,530,061)		a	
2		1,752,951	523,992		(14,200)		i	230,162	23,016	264,817	(2,265,244)	7	1
3	, ,	1,744,186	532,757		(14,438)		i		23,130	265,704	(1,999,541)	w	
4	2,276,943		541,477	***	(14,674)			232,447	23,245	266,598	(1,732,943)	~	4
5	2,276,943		550,155		(14,909)		1	233,597	23,360	246,779	(1,486,163)		2
6	2,276,943	:	558,789		(15,143)	E Company	i	234,754	23,475	247,794	(1,238,370)	-	
7		1,709,563	567,380		(15,376)	1	i	235,916	23,592	248,815	(989,554)	-	
8	2,276,943	1,701,016	575,927	!	(15,608)	i i	i	237,083	23,708	249,845	(739,709)	v	
9	2,276,943	1,692,511	584,432		(15,838)		4	238,257	23,826	250,882	(488,827)	y	
10	2,276,943	1,684,048	592,895		(16,067)			239,436	23,944	251,927	(236,900)	Y	
11	2,276,943	1,675,628	601,315		(16,296)			240,622	24,062	252,979	16,079	•	
12		1,667,250		1	(16,523)			241,813	24,181	254,040	270,119		
13		1,658,913			(16,749)			243,010	24,301	255,107		-	
14		1,650,619	626,324		(16,973)		:	244,213	24,421	256,183	781,409		
15	2,276,943	1,642,366	634,577		(17,197)	1		245,421	24,542	257,267	1,038,676	-	
16	2,276,943	1,634,154	642,789		(17,420)			246,636	24,664	258,358	1,297,034	.	
17		1,625,983	650,960		(17,641)		i	247,857	24,786	259,457	1,556,491	7	i
18	2,276,943	1,617,853	659,090		(17,861)		i .	249,084	24,908	260,564	1,817,055	7	1
19	2,276,943	1,609,764	667,179		(18,081)			250,317	25,032	261,679	2,078,733	7	1
20	2,276,943	1,601,715	675,228	! !	(18,299)			251,556	25,156	262,802	2,341,535	7	
21	2,276,943	1,593,707			(18,516)			252,801	25,280	263,932	2,605,468	w	
22	2,276,943	1,585,738	691,205		(18,732)			254,053	25,405	265,071		y	:
23	2,276,943	1,577,809	699,134		(18,947)			255,310	25,531	266,218	3,136,756	-	:
24	2,276,943	1,569,920	707,023		(19,160)		i.	256,574	25,657	267,373	3,404,129	~	
25	2,276,943	1,562,071	714,872	-	(19,373)		1	257,844		268,535	3,672,665	153,418	
26	2,276,943	1,554,260	722,683		(19,585)		1	259,120	25,912	269,706	3,942,371	7	
27	2,276,943	1,546,489	730,454		(19,795)			260,403	26,040	270,885	4,213,256	~	
28	2,276,943	1,538,757	738,186	1	(20,005)			261,692	26,169	272,072	4,485,329	~	
29	2,276,943	1,531,063	745,880		(20,213)		1	262,987	26,299	273,268	4,758,596	7	
30	2,276,943	1,523,407			(20,421)		1	264,289	26,429	274,471	5,033,068	139,547	
31	2,276,943	1,515,790	761,153		(20,627)		i	265,597	26,560	275,683	5,308,751	~	
32	2,276,943	1,508,212	768,731		(20,833)		i i	266,912	26,691	276,903	5,585,654	7	
33	2,276,943	1,500,670	776,273		(21,037)			268,233	26,823	278,131	5,863,786	-	
34	2,276,943	1,493,167	783,776		(21,240)		i	269,561	26,956	279,368	6,143,154	~	
35	2,276,943	1,485,701	791,242		(21,443)		i	270,895	27,090	280,613	6,423,767	7	
36	2,276,943	1,478,273	798,670		(21,644)			272,236	27,224	281,866	6,705,633	7	
37	2,276,943	1,470,881	806,062		(21,844)			273,584	27,358	283,128	6,988,761	122,262	1
38	2,276,943	1,463,527	813,416		(22,044)			274,938	27,494	284,398	7,273,160	7	1
39	2,276,943	1,456,209	820,734	-	(22,242)			276,299	27,630	285,677	7,558,837	7	1
40	2,276,943	1,448,928	828,015		(22,439)	(10,519)	14,489	277,667	27,767	286,964	7,845,801	115,544	4,13
	Notes:										The state of the s		

3) Assumes net metering delta of \$0.13 behind the meter - \$0.1168 for exported elec = \$0.0132/kwh