

Members present: Kevin M. McCormick  
John W. Hadley  
Michael J. Kittredge, Jr.

Members absent: John J. O'Brien  
Christopher A. Rucho

Mr. McCormick convened the meeting at 7:00 p.m. The purpose of the meeting is to hear presentations from two solar companies who responded to the Request for Proposals the town sent out for property on Tivnan Drive. Mr. Gaumond explained that in the past we have gone out to bid for the property owned by the town across from the jail and there was not interest. Because of the nature of the solar business, Mr. Gaumond invited John Fitch, Municipal Light Board Manager and Harald Scheid, Principal Assessor to attend the presentation.

### **Borrego Solar**

Jared Connell, Sr. Project Developer for Borrego Solar joined the Board. He explained that he has been with the company for over four years and he works exclusively with the Massachusetts market. He has developed over 25 megawatts of projects in Massachusetts. They started in 2008 in Massachusetts with up front rebates for roof top projects. Since then they have been doing larger projects. In his discussions with John Fitch, the location will allow for 4 megawatts of capacity. They have done as much due diligence as they can without a commitment from the town. They have also looked at some of the GIS maps and topographical maps. There are some minor wetlands and if they are selected they would pay a wetlands consultant to go out and delineate the wetlands. The RFP was for any type of use, however, they plan to do a 4 megawatt ground mounted solar facility. They would lease the property and pay \$25,000 per installed megawatt. It would be about \$100,000 in lease revenue to the town. They would also sell the power back to the town at a rate of 5-1/2¢ starting in year one. The annual increase is 2% on the lease and the increase on the PPA rate is 1% annually.

Mr. McCormick asked Mr. Fitch what the town currently pays for its electricity. Mr. Fitch advised that outside the town we pay 8-10¢. Mr. McCormick commented that this would be a good deal. Mr. Fitch added that on the face, so far so good. The Municipal Light Plant would buy the energy at that rate and get the capacity credit as well. Mr. Connell thinks the line of demarcation for registering is under that and the energy includes capacity credits as well. Mr. Fitch would like the energy and capacity credits included in the PPA and that is what he will bring back to his board.

Mr. Hadley asked if 4 megawatts the most the light plant can handle. Mr. Fitch advised that 4 megawatts is what we can absorb as an entire town.

Mr. Connell explained that the company has been in business since 1980, started off in California and morphed as the market has morphed. Now they mainly focus on projects like this. They have financed now seventh round of solar funding for 18 megawatts, \$80-\$90 million dollars. This project would be part of their eighth and next one. They put in sponsor equity of their own and debt from all funds has been with the same participant. They have been very successful in funding and financing projects in Massachusetts. He reviewed the many projects they have completed. They have 18 megawatts of projects that will be under construction next week and have done projects on quite a few landfills.

Mr. Gaumond asked if you were to be awarded this contract, what is your anticipated time frame to complete the project. Mr. Connell advised that his schedule with the RFP shows a little under one year, coming online on June 1. The longest lead item is with the utility company when dealing

with National Grid or NSTAR. However, they have found with municipal districts they can reduce that time frame significantly. Mr. Gaumond asked whether the project would require Tivnan Drive be closed for the project. Mr. Connell does not see any need to close the street. What they need is access on and off the site.

Mr. Gaumond noted that Mr. Connell prepared a response to an RFP, which could have been for any municipal project, and he questioned why he thought this would be a good site for a solar project. Mr. Connell explained that you need somewhat flat land. They are some slopes out there that they will have to design around. It is a somewhat open space, its proximity to interconnection. You have a three-phase running down Shrewsbury Street and there are no natural heritage concerns on the site. Once they get started it does cost about \$10,000 to do a GEO tech study and they will do that. They expect to encounter rocky soils and roots and they have a resource group with standard solutions to deal with all types of land issues. Mr. Hadley asked how many acres a megawatt takes. Mr. Connell advised four to six acres. They will need to cut some of the trees so they do not shade the area. Mr. Hadley asked about fencing. Mr. Connell intends to surround the area with a 7-foot chain link fence.

Mr. McCormick asked what will happen to all the equipment at the end of the 20 years. Mr. Connell explained that there would be three options in all of the leases. The first is we could extend, the town could purchase the system, or the town does not have any interest in extending and they would remove everything at their cost. Mr. Hadley asked if after ten years does anything need to be upgraded with changes in technology. Mr. Connell advised that there will be marginal improvements as time goes on. Mr. Fitch asked if he could attend the next meeting of the Municipal Light Plant to discuss the PPA and Mr. Connell agreed.

Harald Scheid noted that on page 11 of the proposal dealing with personal property taxes, Borrego references the Senate Bill and do not cite a specific percentage. If we get to a point where we are putting together a payment-in-lieu-of-taxes agreement (pilot), do you have a certain percentage you are looking for. Mr. Connell noted that at the town level there have been a lot of discussions in the assessor community on how it will be taxed from a personal property tax point. The Bill in front of the Senate was 5% of the net metering credit to be levied as the personal property tax. That Bill went to the House and was changed from 5 to 6%. They are hoping there will be a Bill of some mixture of the two voted on by the end of the month. If that happens it will set a precedent across the state and that is what they would like a pilot agreement. Mr. Scheid asked if there was any chance they would negotiate something higher. Mr. Connell stated probably not. Mr. Scheid added that many communities have negotiated favorable pilots that would exceed 5-6%. Mr. Connell added that if you look at the average plant for fossil fuels in Massachusetts it comes out to about \$4,500 per megawatt and this at 5% would represent \$8,500 per megawatt. He offered to email Mr. Scheid the numbers on fossil fuels.

Mr. Scheid noted that these developments are fairly costly to install. What he sees presently are somewhere in the areas of 3.5 to 4 megawatts, per megawatt it would be \$15 to \$16 million dollars in construction costs. If these were taxed conventionally and the typical West Boylston tax rate applied in year one for \$15 million dollars would be about \$300,000 per year over and above the lease. He added that the industry has lobbied the legislature for an alternative method to tax assets. It would be a percentage of the revenue yielded through the generation of electricity. That was changed from 5 to 6, and a pilot agreement would represent a sizeable discount over what normally would be yielded with the conventional property tax. If the Bill passes it would dictate what the town could tax.

Mr. Connell added that since this is going into the grid there is a nuance in the municipal community to want to assess this as they would with personal property taxes. There is such variance and this and this Bill will provide a standard that everyone will operate under.

Mr. Gaumond noted that the revenue that will come to the town will come in three ways, the lease payment to the town, assessment of taxes or a pilot and whatever benefit the Municipal Light Plant sees from the sale of electricity. Mr. Hadley asked how the National Grid substation project was taxed. According to Mr. Scheid it was taxed on the installed tax basis, and the cost was \$50 million to build and it depreciates every year. Mr. Connell noted that it is different in most of the communities. Mr. McCormick remarked that once the Bill passes that is what we get and there is nothing we can do about it. Mr. Hadley questioned if the contract is signed before the Bill passes, would it change. Mr. Connell believes it would be subject to the Bill, either five or six percent of the rate that we are selling the power to the Municipal Light Plant at. Mr. Fitch believes it is a few hundred thousand dollars worth of revenue. Mr. Scheid added that there is a lot of lobbying by the MMA to get language into the Bill to address pilots that have already been negotiated.

### **SPG Solar**

Dylan Connelly, Project Development Manager with SPG Solar joined the Board and provided a power point presentation. He is in charge of developing projects in Massachusetts. He introduced Dylan Dupre, Director of Project Development, Rune Hansen, Director of Structured Finance, and Allie Stack, Project Development Coordinator. SPG is a full service solar energy company founded in 2001. From 2004 to 2007 they evolved from a residential firm to commercial. From 2007 to 2009 they focused and invested heavily in their tracker project. They have built a lot of systems for discerning clients, have done over 40 separate public projects and they are one-stop shopping. The only thing they do not do is manufacture the panels. They maintain and stand behind their systems and they also service other peoples systems as well. They have ten years of monitoring systems. Their operation and maintenance team is managing 40 megawatts of projects across the country. Mr. Connolly displayed a number of projects SPG has developed.

The system they propose is a \$3 million in savings and income over the 20 years, it is a PPA they will finance, construct, own and operate and the Municipal Light Plant will buy the power produced. There is no water usage, no significant traffic, it is clean and it's local energy. With a PPA it is a stable, fixed, long-term energy prices. You know what you are getting. They would like to make a commitment to hire local contactors, if possible, to support the local economy and try to make partnerships with the community. They would like to come in and talk with the schools about their project and the benefits of solar. They would also bring in some curriculum the teachers could use. In addition, they would also have a public commissioning ceremony and increase awareness around energy. They could put up informational kiosk on the energy system. They propose a 5.95 PPA and a pilot payment of about \$5,000 per megawatt which is consistent with the pending bill. They also anticipate about an \$80,000 building permit fee with the Building Department. They have opted to offer the savings in the form of a lower energy rate. They would start the project this year and SPG has a 100% success rate for projects that issue a commitment letter on. They are extremely proud of that.

Mr. Hadley noted that SPG is offering a \$20,000 PILOT payment for year one, which increases to \$26,539 at year twenty, a 1-1/5% increase per year.

Mr. Gaumond asked if you were to be offered the project, what would be the estimated time for completion? Mr. Connelly explained that from the time they get the permit, which would be a special permit, they assume would take 75 days for the hearing and time to make a decision, and they would achieve completion in April of next year. Mr. Gaumond asked if they would need to close Tivnan Drive during construction. Mr. Connelly replied no. Mr. Gaumond asked what makes you think this particular parcel is a good site for a solar project? Mr. Connelly feels it is an easy interconnection, no

residential neighbors, a peaceful project. The tilt is flat and they would have a fixed tilt system because of the slope of the site. Mr. Fitch asked if he would be willing to attend a meeting with the Light Commissioners. Mr. Connelly indicated that he would. He added that when they originally approached Mr. Fitch about one year ago, they were interested in a site on Century Drive and then this site came up. Mr. Fitch anticipates his board having discussions on the project at their first meeting in August.

Mr. Hadley asked if they had looked at the landfill property. Mr. Connelly had, however, it has vents, smaller usable area, and it is more expensive to build on a landfill, as most of the land was not usable. You need to go with a larger project to be competitive. Mr. Scheid noted that when they met some months ago, they discussed a project on Century Drive. He asked where that stood. Mr. Connelly advised that they walked away from that when they began to focus on this site. They have no plans to resurrect that. Mr. Fitch advised that 4 megawatts is the highest amount the Light Plant could take.

Mr. McCormick explained that the Board would not be making any decisions this evening. They may have more discussion about the projects after the firms talk with the Municipal Lighting Plant. The Board may visit the project that SPG Solar has going in Marlborough. Mr. Gaumond feels it is important to get input from the Municipal Light Board, Mr. Scheid and our Finance Director, Michael Daley. He recommends putting this on the Board's agenda for the second meeting in August as by that time we will know whether there will be any legislation changes.

With no further business to come before the Board, motion Mr. Hadley at 8:25 p.m. to adjourn, seconded by Mr. Kittredge, all in favor.

Respectfully submitted,

Approved: August 1, 2012

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Nancy E. Lucier, Municipal Assistant

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Kevin M. McCormick, Chairman

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John W. Hadley, Selectman

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Michael Jr. Kittredge, Jr., Selectman