TOWN OF GRANBY

MEMORANDUM

DATE: November 18, 2019

TO: Board of Selectmen

FROM: John D. Ward, Town Manager
Anna Robbins, School Business Manager
Solar Project Building Committee

REGARDING: V. BUSINESS – ITEM C.
Consideration of Solar Farm at Wells Road School

As moved by the Board of Selectmen at their October 18, 2019 meeting, the Solar Project Building Committee is reporting back to the Board of Selectmen. Since June 4, 2019, some issues of concern have arisen.

Background: On June 4, 2019, the voters of Granby approved the proposed Wells Road School Solar Project by a vote of 731 to 436. The project proposal called for the installation of approximately 4,500 solar panels behind the Wells Road School which would result in the generation of 2.3M kWh of electricity. This project would generate revenue for the town through the generation of green energy credits, more specifically referred to as LREC's, and by its participation in the Virtual Net Metering ("VNM") program. The LRECs would be purchased for fifteen years by Eversource with the revenue going to the Town. Through the VNM program, the town would receive $ 0.135 per kWh generated with an annual cap of $399,000, which would be applied to the Board of Education's electric bill. The LREC revenue was expected to be $84,000 per year and $256,000 per year was expected from the VNM program. With construction costs of $3,300,000 and finance costs of $1,200,000 the project was expected to net $4,300,000 over twenty-five years.

Current Status: In continuing to prepare this project for the necessary regulatory approval, the firm of VHB was hired to investigate the impact, if any, of vernal pools and wetlands. It was determined that four vernal pools exist within the area or within direct proximity of the area earmarked for the solar array. In order to adequately protect impacts on the wetlands and to obtain the necessary regulatory approvals, it is the council of the consulting attorney and engineers that the number of panels will have to be reduced by approximately two thirds to 1,500 panels. There are several consequences resulting from this wetland related reduction.

First, the project would now generate only 555 kW of electricity. While this would lower construction costs to $1,460,000, the expected revenue net of costs would be reduced to a maximum of $900,000 over twenty-five years. Note, this figure assumes that the project still qualifies under the Virtual Net Metering Program and that the reduced LREC's are acceptable to Eversource and most importantly that the rates of payment stay the same. That is not likely.

Second, due to the reduction in size, a Motion for Reduction of Capacity needs to be filed with the State Public Utility Regulatory Agency ("PURA") for approval for the reduced project size

under the Virtual Net Metering Program. While similar motions have been passed by PURA, there is no guarantee that this one will.

Third, due to the complication of the wetlands, it now appears that the project may require approval by the Army Corps of Engineers. Approval cannot be known for certain at this point.

Fourth, the project may suffer a financial penalty as a result of not being able to meet the original timeline established in 2017. Under the original proposal, substantial construction was to be underway by October 2019 with the project ready to be energized by April 2020. The most likely energized date is now April 2021. Unless PURA rules otherwise, this may result in the loss of a year of LREC revenue, for a total reduction of $33,000.

Fifth, the fact that the project will produce fewer kWhs may result in a lower rate of payment from the LREC program and VNM program which would lower the revenue. That will be decided through PURA.

Sixth, the reimbursement rate of 39% from the state may be affected as well by the reduction in size. The state grant, which is a key component to the viability of the project, is yet to be confirmed. The preliminary interest for awarding the grant was based on the original scope of the project.

Lastly, in addition to the above mentioned required approvals by the Army Corps of Engineers and PURA, the project will require a number of other discretionary levels of approval from the Department of Energy and Environmental Protection, and/or the Town Engineer and the local Inland Wetlands and Watercourses Commission. (Please note, due to the reduction in size, this project will no longer need approval by the Siting Council). Any one of these entities may withhold approval, or grant it with significant conditions which could further reduce the revenue resulting from the project. In order to proceed to the regulatory agencies, an investment of at least $35,000 will be needed for engineering and legal fees. If the project is not approved, that money will not be recoverable.

In summation, the project is significantly smaller in scope than the project presented and passed by the voters. Additionally, it faces more uncertainty, expenses, and lower revenue than originally anticipated. The question now is whether the project should proceed in light of the new information.

The Board has the authority to approve the continuation of the project at the reduced size, or to cancel the project outright, if it so wishes. The project is at a critical stage in that money will need to be spent on engineering designs, storm water systems, and connection fees $40,000-partially refundable) to Eversource in order for the project to advance to the necessary regulatory agencies.

cc. Anna Robbins, Business Manager, Granby Public Schools
Shannon Sullivan, Facilities Manager, Granby Public Schools
Abigail Kenyon, Director of Community Development

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