



CITY OF CONCORD

New Hampshire's Main Street™

REPORT TO MAYOR AND THE CITY COUNCIL

FROM: Kathryn H. Temchack, Director of Real Estate Assessments

DATE: August 29, 2018

SUBJECT: Payment in Lieu of Taxes Agreement between the City of Concord and Briar Hydro Associates for Rolfe Canal Falls, Penacook Upper Falls & Penacook Lower Falls

Recommendation

Request that the Mayor and Council accept this report and schedule for public hearing the authorization of the City Manager to sign the attached payment in lieu of taxes (“PILOT”) agreement between the City of Concord and Briar Hydro Associates for the Rolfe Canal Falls, Penacook Upper Falls & Penacook Lower Falls.

Background

Briar Hydro Associates owns and operates three hydroelectric generating facilities along the Contoocook River:

1. The Rolfe Canal Falls (RCF) project; a 4.283 Megawatt generating facility located solely in Concord ,
2. The Penacook Upper Falls (PUF) project, a 3.02 Megawatt generating facility, 66.42% of the project is in Concord and 33.58% of the project is in Boscawen.
3. The Penacook Lower Falls (PLF) a 4.11 Megawatt generating facility; 9.10% of the project is in Concord and 90.9% of the project is in Boscawen.

In 2007 the legislature amended RSA 72:74 by enacting SB 99 permitting municipalities to enter into PILOT agreements with renewable generation facilities. Briar Hydro and the City of Concord previously entered into agreement in 2013 that expired this year.

Briar Hydro Associates and the City of Concord both want to have a reasonable level of assurance of an expected PILOT payment and expected income for budgeting purposes. The parties believe that this PILOT agreement will best achieve this assurance. The PILOT agreement is for 5 (five) years beginning April 1, 2018 and ending on March 31, 2023. The PILOT payments are determined by multiplying the PILOT rate of 7.50% (The previous PILOT rate was 5%) times the gross revenues for the calendar year. Historically, the rate has ranged from 2.5% to 5.0% over the life of the project). Gross Revenue means the total revenues of the Project derived from the sale of electricity, capacity pricing and Renewable Energy Certificates (RECs) which are sold, traded and/or auctioned in the preceding calendar year.

In the case of the PUF and PLF, the PILOT would be determined multiplying the PILOT rate of 7.50% times the gross revenues for the calendar year and then by 100.00%, 66.42% and 9.1% respectively to account for the amount of the project in Concord.

The total minimum annual PILOT payments to the City will be no less than \$180,000 (The previous PILOT minimum payment was \$110,000).

The attached PILOT agreement between the City of Concord and Briar Hydro Associates has been reviewed and agreed upon by the parties and requires City Council approval to allow the City Manager to execute on behalf of the council. By statute, the City Council's acceptance of the proposed PILOT agreements must be made following a public hearing.

Discussion

None.