



CITY OF CONCORD
New Hampshire's Main Street™
Community Development Department

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TO: The Honorable Mayor and City Council
FROM: Beth Fenstermacher, Assistant City Planner
DATE: June 23, 2020
SUBJECT: Report to provide an update on the Request for Proposal for solar development at three municipal properties.

Background

The Alternative proposal presented to City Council at the April 13, 2020 meeting indicated that the City would save up to \$100,000 over the 20-year term of the behind-the-meter solar installation project at the Hall Street Wastewater Treatment Facility (WWTF). Based on the City Council recommendation to move forward with further analysis and potential award at the April meeting, City Staff and Beacon Integrated Solutions requested a revised proposal from ReVision Energy that would include the sizing of a facility that would avoid shutdown risk, allows the City to still pay for additional power needs under competitive market rates, and provide a net positive financial outcome.

Discussion

Following Council's approval, ReVision provided a refreshed Alternative proposal that was analyzed by Beacon and the Solar RFP Selection Committee. The revised proposal is for a 720 kilowatts DC/480 kilowatts AC system and includes a power purchase option and a PILOT payment for a term of 25 years. The original RFP response was for a 20 year term. The refreshed Alternative proposal reflects costs associated with vegetative management, the financial impacts associated with a reduction in project size (lost economies of scale), and reduction in the Federal Investment Tax Rate from 30% (2019 rate) to 26% (2020 rate). ReVision's proposal did not originally include perimeter fencing. However, the Selection Committee strongly recommends that a perimeter fence be required to protect the solar assets and limit the City's liability. The updated analysis prepared by Beacon is provided separately under supplemental information and presents a summary of four power purchase rate scenarios relying on pricing provided by ReVision:

- 20-year power purchase offer without perimeter fencing.
- 25-year power purchase offer without perimeter fencing.
- 20-year power purchase offer with perimeter fencing.
- 25-year power purchase offer with perimeter fencing.

The only option that provides economic benefits over the term of the agreement is the 25 year option without perimeter fencing. Please note that the scenario in the original alternative proposal presented to Council in April no longer provides the economic benefit presented due to re-sizing the facility, tax rate adjustments, added vegetative management, and perimeter fencing.

The Solar RFP Selection Committee reviewed the updated proposal and analysis. As noted above, the Committee strongly recommends that a perimeter fence be required with a separate entrance for ReVision. The WWTF is secured over nights and weekends; however, it is open to the public during normal business hours. WWTF staff cannot monitor the solar installation to prevent the general public from entering the solar array field. If an additional security fence is not constructed and ReVision requires access to the facility off-hours, the City will need to provide overtime staff to be available for the duration of the maintenance visit. The Selection Committee discussion around awarding the Alternate proposal for the behind the meter installation is summarized below:

Pros:

- Shows the City supports on-site renewal energy generation and provides an educational opportunity.

Cons:

- Not economically beneficial as presented. Also, there is the risk that electric costs may not escalate as modelled and the City could end up in the red on this project, negatively impacting sewer utility rate payers. The Committee questions whether it is better to instead invest in efficiency improvements to the WWTF that will reduce energy requirements and costs.
- The land will be tied up for 25 years. By tying up this land with the small scale installation, the economics of a larger scale facility may not be as good if/when the net metering bill passes.

Recommendation

The Selection Committee determined that the most desirable scenario is the 25 year term, with perimeter fencing; however, this scenario is not economically beneficial to the City. The Committee does not feel comfortable making a policy decision that is not economically beneficial without an approved 100% Renewal Energy Strategic Action Plan. Therefore, the Selection Committee voted to recommend that City Council make the final determination on the RFP award.

The Committee remains hopeful that future legislation will result in a larger, more economically and environmentally viable solar project for the City.