



CITY OF CONCORD

New Hampshire's Main Street™

Finance

Brian G. LeBrun
Deputy City Manager
Finance

DATE: November 28, 2016

TO: Honorable Mayor and Members of the City Council
Thomas J. Aspell, Jr., City Manager

FROM: Brian LeBrun, Deputy City Manager - Finance

RE: Notice of termination for Hall Street solar project with SolarCity

Recommendation:

Accept this report notifying the City Council that the City and SolarCity Corporation (SolarCity) have entered into a Joint Notice of Termination Agreement that was signed on November 18, 2016.

Background:

On June 22, 2016 the City of Concord entered into a lease and Solar Power Purchase Agreement "SPPA" with SolarCity to build and operate a 1 MW solar facility on the City's Hall Street property. This solar array was to be built adjacent to the wastewater treatment plant, mainly on land where trees had been cut down within the past few years, and preserving almost all of the plantable land. While both the lease and SPPA were conditioned on the parties entering into a Payment in Lieu of Taxes (PILOT) agreement, and after lengthy negotiations and the exploration of many different options, on November 18, 2016, the City and SolarCity entered into a Joint Notice of Termination Agreement thereby cancelling the project.

Discussion:

The City's Energy and Environment Committee, Chaired by Councilor Werner, has been instrumental in working on ideas to help move the City towards renewable energy sources. In August 2015, the City issued a Request for Proposals to build and operate 1 MW solar arrays (each) and enter into net metering agreements on City property located at the Landfill, Hall Street Wastewater Treatment Plant, Penacook Wastewater Treatment Plant and the Hutchins Street Water Treatment Plant.

Report to Mayor & City Council

Re: Notice of Termination for Hall Street solar project with SolarCity

Page 2 of 2

The City received a total of 6 proposals. Only one company (SolarCity) was able to provide a financially viable project and only at the Hall Street Wastewater Treatment Plant. The City put considerable effort into negotiating with this vendor to secure a solar power purchase agreement that was workable for both the City and SolarCity. On June 22, 2016, a lease and the SPPA was signed and contingent upon entering into a PILOT agreement that was in keeping with New Hampshire State laws. Since June, the City has been diligently working with SolarCity to craft this PILOT agreement and reviewed countless options, but, ultimately, was not able to come to an agreement. On November 10, 2016, the City Received notice from SolarCity that we were out of options, and on November 18, 2016, both parties entered into the Joint Notice of Termination Agreement.

Along with the Energy and Environment Committee, the City will continue to explore viable renewable energy options and notify the City Council of potential projects as they arise. Additionally, the City has been buying electricity contracts for both its G1 and G2 accounts that are produced from green energy at extremely competitive rates compared to brown energy. As of today, the City is under contract for nearly 98% of its electricity needs from green energy (wind power) and will continue to use this option as long as it is economical to do so.