

Rye Municipal Power Update

The Energy Committee issued a Request for Proposals in August 2019 for municipal solar installations at the Transfer Station, Public Safety Building, Elementary and Junior High Schools and Garland Road pumping station. Two responses were received, one from Solar Endeavors and the other from ReVision Energy. The REC did not consider the Solar Endeavors proposal as it did not adequately address the RFP. The REC decided to consider a comprehensive, 45-page proposal ReVision Energy submitted. A number of questions were forwarded to ReVision which they answered in writing and at a meeting with members of the REC. The following summarizes the proposal's main points.

ReVision Energy Solar Proposal Summary

- ReVision proposes to Install solar panels at five Rye locations: Public Works Garage, Public Safety Building, Junior High School, Elementary School, Grove Rd water district land, through a PPA (Power Purchase Agreement)
- These installations would provide approximately 81% of total municipal electric use
- The Garage and Public Safety Building would receive only a portion of their power from these installations, however, the Town Hall and Library would not receive any electric power from these installations.
- The Water District location would be a ground-mounted solar array, all the others would be roof mounted solar panels.
- Systems would be installed "behind the meter" to take the best advantage of reducing the cost of electricity used at on-site, by minimizing transmission and distribution charges.
- Systems installed at the Garage and Water District land would produce more electricity than is required at those locations.
- Eversource would issue credit checks to the Town and Water District after year end for power produced Garage and Grove Rd locations in excess of annual need.
- Water District system credit payment would more than offset their total annual electricity costs.
- Panels installed on the roof of the Public Safety Building and on the front roof of the Junior High School would be visible from the street, in variance with the Historic District guidelines.
- Proposal is for a 25-year Power Purchase Agreement with an option to buy it after six years for \$930,042.
- PPA investors would finance \$1,550,070 for installation in exchange for the participants purchasing all the power produced.
- PPA would not require any financial outlay by the Town, Schools or Water District.
- PPA power rate is \$.095 per kwh for first two years, increasing 2% each year beginning in third year. It is difficult to predict any long-term pricing to evaluate how acceptable this approach may be
- PPA rate assumes that the Town, Schools and Water District all agree to participate in the PPA proposal.
- One party declining to participate or a reduction of installation sites would cause power rate to increase to offset investors loss of return.
- Proposal saves the participants an average of \$7,800 per year for the first six years and reduces municipal electric greenhouse gas emissions by approximately 30% per year.

Alternative Options

Since the receipt of the solar proposals, the Energy Committee has become aware of two alternatives that it believes merit further review and consideration. The first alternative is electric suppliers that offer renewable electric power at rates similar to those offered by Eversource or this PPA. It may be possible to negotiate attractive rates for the Town for all buildings to be powered by renewable energy. The second alternative is new legislation, Senate Bill 286, that went into effect on October 1. The law enables local governments (cities, towns, counties) to create Community Power programs that supply energy to the residents and businesses in those communities. It allows a municipality to authorize an entity to negotiate on its behalf a discounted electric rate.

Those residents not interested in becoming part of the aggregation, would have the ability to opt out. Including all residents in the program increases leverage and the ability to reduce CO2 emissions beyond what could be achieved by transitioning town facilities. The managing entity could also be authorized to provide customer service and back office administration for the service. Both alternatives require no long-term commitment or outlay.

Recommendation

The Energy Committee recommends the Town allow the Committee to further explore these options by engaging a consultant to evaluate the PPA, potentially negotiate a municipal renewable energy electric contract and explore municipal aggregation. Since there are a number of companies offering these services, we would like permission to issue an RFP soliciting proposals to consult with us and, if recommended, solicit electric power brokerage and administrative services for a community power program.

Rye Energy Committee November 21, 2019