



TOWN OF DURHAM  
8 NEWMARKET ROAD  
DURHAM, NH 03824  
Tel: 603/868-5571  
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August 13, 2015

Lee Board of Selectmen  
Julie Glover, Town Administrator  
Lee Town Offices  
7 Mast Road  
Lee, New Hampshire 03861

**Re:** Potential 640 kW Solar Photovoltaic Project at Packers Falls Road Gravel Pit

Dear Members of the Board and Town Administrator Glover:

As a follow up to my correspondence and telephone conversations with Town Administrator Glover from June and July of this year, I am pleased to formally let you know that the NH Public Utilities Commission (PUC) has chosen to fund Durham/ReVision Energy's proposal to install a 640 kW DC grid-tied solar photovoltaic project at the Packers Falls Road gravel pit located in Lee.

The grant award amount of \$501,000 will be funded with monies from the Renewable Energy Fund and is contingent upon the following:

- The drafting and execution of a Grant Agreement setting forth mutually acceptable terms and conditions between ReVision Energy, as the grant applicant, and the PUC.
- Approval of the Grant Agreement by Governor Hassan and the Executive Council which was granted on June 24, 2015 by a vote of 3-2.

By way of background, Phase I of our solar efforts in Durham revolved around the installation of a 99 kW solar array at the Churchill Rink, a 15 kW solar array at the Durham Public Library, and a 6 kW solar array at the Durham Police Department -- all made possible through a 2013 Power Purchase Agreement in partnership with ReVision Energy. Durham has been working with ReVision Energy for the 1.5 years since then on a Phase II project in which we hoped to install a large solar array at the Packers Falls Road gravel pit in Lee, or at other potential locations in Durham, to offset more of our municipal electrical load through renewable sources. Ultimately, the gravel pit in Lee was determined to be the preferred location, as we would be using space within the wellhead protective radius of the new Spruce Hole Well (which cannot be utilized for other purposes). Placement in this location allows for the continued operation of the pit itself by our Department of Public Works.

The Durham Energy Committee had the opportunity to meet with ReVision Energy on several occasions this year to discuss a large and small version of a solar project at the gravel pit. Durham had worked with ReVision Energy to submit an application to the PUC last fall for a large array but we had received no word for many months, and then pessimistic news as other

projects in NH received limited PUC funding. The committee was unanimous and enthusiastic in its support of either option, but especially interested in the larger array as it was particularly well matched to our town's available space and electricity usage.

At that time of the Energy Committee's May 2015 meeting, the state grant was still not in the picture, so we had reluctantly concluded that the Town should set aside the larger project as financially infeasible. When the committee met again in early June of this year, its members were happily surprised to learn of this revived grant opportunity.

If the Town is ultimately successful in installing the larger array sized to cover the Durham's non-wastewater load through renewable energy, as this project is intended to do, we will have moved one crucial step closer to creating an affordable, revenue-neutral, clean and renewable new energy reality for the community.

We do have several important obstacles to overcome associated with the project.

First, while Durham's Energy Committee has done the initial groundwork on this effort, the Administrator's Office, in conjunction with several members of our Town Council and staff, are now vetting the financials and PPA details to evaluate whether the project will make financial sense for Durham and that the risks associated with undertaking it are acceptable for the community. To be clear, there is no guarantee that Durham will actually save money through this effort although historical trends would suggest that we would.

Second, the array that has been approved by the PUC will produce approximately 10% more electrical generation than Durham (excluding our wastewater electrical load) can absorb at this time. This creates an opportunity for Durham to partner with the Town of Lee, the Oyster River Cooperative School District, or the University of New Hampshire in offsetting some of a partner governmental entity's electrical load through renewable sources at the gravel pit. As the array would be located in Lee, we would like to offer the Town of Lee the opportunity to take advantage of this excess load for at least 6 years or for so long as the Town of Durham continues to purchase power through a Power Purchase Agreement with IGS Generation, the owner of the array. Due to the Federal tax incentives without which this project would be infeasible, it is not possible for Durham to purchase the array until year 7 of the PPA. If Durham does not purchase the array, the term of the PPA would be for 20 years with two optional 5-year extensions.

At this time, IGS Generation proposes to sell the Town of Durham energy at about a quarter of a cent below the existing Eversource twelve-month weighted average rate with an annual increase of 3% over the 20 year term. As long as Eversource pricing remains true to historical increases (with price increases averaging 4% annually), this scenario is expected to produce a savings to the Town of Durham at a rate of approximately \$12,000 per year over the first six years of the PPA. If the Town of Lee was interested in assigning sufficient energy meters to absorb the full 10% residual production of the Packers Falls gravel pit array, Lee could benefit by both transitioning a significant portion of its electrical load to renewable sources and through the benefit of 10% of Durham's projected energy cost savings. If Eversource rates increase by more than projected relative to our fixed pricing through the PPA with IGS

Generation, Lee would do even better. If the market rate of electricity through Eversource dropped, the array could do worse or even result in a loss for Durham in which case Lee would also experience increased electrical cost through its relationship with Durham. Durham and Lee would need to formalize an agreement to memorialize such an arrangement. We would be very willing to craft a draft of such an agreement for your consideration.

Third, while this project is only being pursued to fulfill a public municipal purpose, to be financially viable it requires using the PPA financing structure in order to take advantage of Federal tax credits (i.e., it will be built by a 3<sup>rd</sup> party instead of Durham, because the Town cannot use or benefit from Federal tax credits). To make the PPA work, the Town of Durham would enter into a lease agreement with IGS Generation for the annual sum of \$1.00 to own and operate a "renewable generation facility" comprised of a 640 kW-dc photovoltaic "solar farm" on Durham land in Lee. We recognize that per RSA 72:23 the array would be subject to taxation by the Town of Lee.

Our understanding of the state statute is that "renewable generation facility" means a facility which produces electric energy for resale solely by the use, as a primary energy source, . . . solar thermal energy, photovoltaic energy, . . . including the land, all rights, easements, and other interests thereto, and all dams, buildings, structures, and other improvements situated thereon which are necessary or incidental to the production of power at the facility.

State law allows for a Town and a taxpayer, in this case the Town of Lee and Durham's PPA partner -- IGS Generation, to enter into a payment in lieu of taxes for renewable generation facilities per RSA 72:74. Given the Town of Durham's overt goals in achieving net neutrality as described above, and the fact that if Durham had to pay property taxes on the solar array in pass through costs as part of the electrical rate structure the project would not be financially feasible and we would be unable to move forward with the effort, we respectfully request that the Town of Lee consider entering into such a payment in lieu of taxes arrangement with IGS Generation for the sum of \$1, plus 10% renewable electrical production per year with the Town of Durham for the term of the PPA until such time as Durham exercises its option to buy out the array commencing no earlier than year 7 as described above.

In Durham we have opted not to tax the ReVision arrays located on our municipal buildings, which I have noted earlier as part of Phase I of our renewable energy efforts. Doing so would have impacted the financial viability of those projects as well. In 2003, Durham also adopted RSA 72:62, the Exemption for Solar Renewable Energy Systems, thereby creating a "tax neutral" exemption for those property owners who have installed solar energy systems as described by RSA 72:61. According to the Town of Lee's assessor, it is our understanding that solar panels are picked up for assessment purposes in Lee but no value is assigned to them.

On Monday evening, Charles Forcey (Durham Energy Committee Chairperson), Stephen Hinchman (ReVision Energy), and I plan to attend the Selectmen's meeting to discuss this exciting opportunity further with you. Our Public Works Director, Michael Lynch, has also been in touch with the Lee Planning Office to make arrangements to discuss the project with the Planning Board in the coming weeks.

August 13, 2015

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Please do not hesitate to contact me should you have questions or concerns in regard to this matter. We look forward to meeting with you on Monday evening.



Very truly yours,

Todd I. Selig  
Administrator

Enclosures

1. Grant award notification from PUC.
2. Working draft of project site layout.



CHAIRMAN  
Martin P. Honigberg

COMMISSIONER  
Robert R. Scott

EXECUTIVE DIRECTOR  
Debra A. Howland

STATE OF NEW HAMPSHIRE



PUBLIC UTILITIES COMMISSION

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[www.puc.nh.gov](http://www.puc.nh.gov)

May 27, 2015

Stephen F. Hinchman, Esq.  
ReVision Energy  
142 Presumpscot Street  
Portland, ME 04043

Dear Mr. Hinchman:

I am pleased to confirm that the Public Utilities Commission (PUC) has chosen to fund ReVision Energy's proposal to install a 640 kW<sub>DC</sub> / 504 kW<sub>AC</sub> grid-tied solar photovoltaic project on land owned by the Town of Durham which will directly benefit the Town as described in your proposal submitted in response to the Request for Proposals issued by the PUC on August 21, 2014.

The grant award amount of \$501,000 will be funded with monies from the Renewable Energy Fund and is contingent upon the following:

- The drafting and execution of a Grant Agreement setting forth mutually acceptable terms and conditions. The PUC reserves the right to rescind the grant award if agreement cannot be reached on such terms and conditions.
- Approval of the Grant Agreement by Governor Hassan and the Executive Council.

Importantly, we ask that you hold this notice in confidence and refrain from publicizing or otherwise disclosing or discussing the grant award until it has been acted on by the Governor and Executive Council (G & C). The State of New Hampshire's contracting policies for competitively awarded contracts require this confidential treatment. We anticipate submitting your grant award at the G & C meeting to be held on June 24, 2015. We understand that you will need to discuss this award notice with your project partners and any relevant consultants and advisors but we ask that you convey to them this request for confidential treatment until the G & C meeting.

The G & C paperwork includes the Grant Agreement, which the PUC will draft, and a number of other documents to be submitted by your organization. A list of these documents is included with this letter. Please submit these documents to Stephen Eckberg of the Sustainable Energy Division. If you have any questions please feel free to contact Steve at 271-4042, or [stephen.eckberg@puc.nh.gov](mailto:stephen.eckberg@puc.nh.gov).

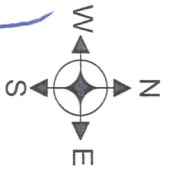
Again, congratulations on your grant award. We look forward to working with you to ensure approval of your renewable energy project.

Sincerely,

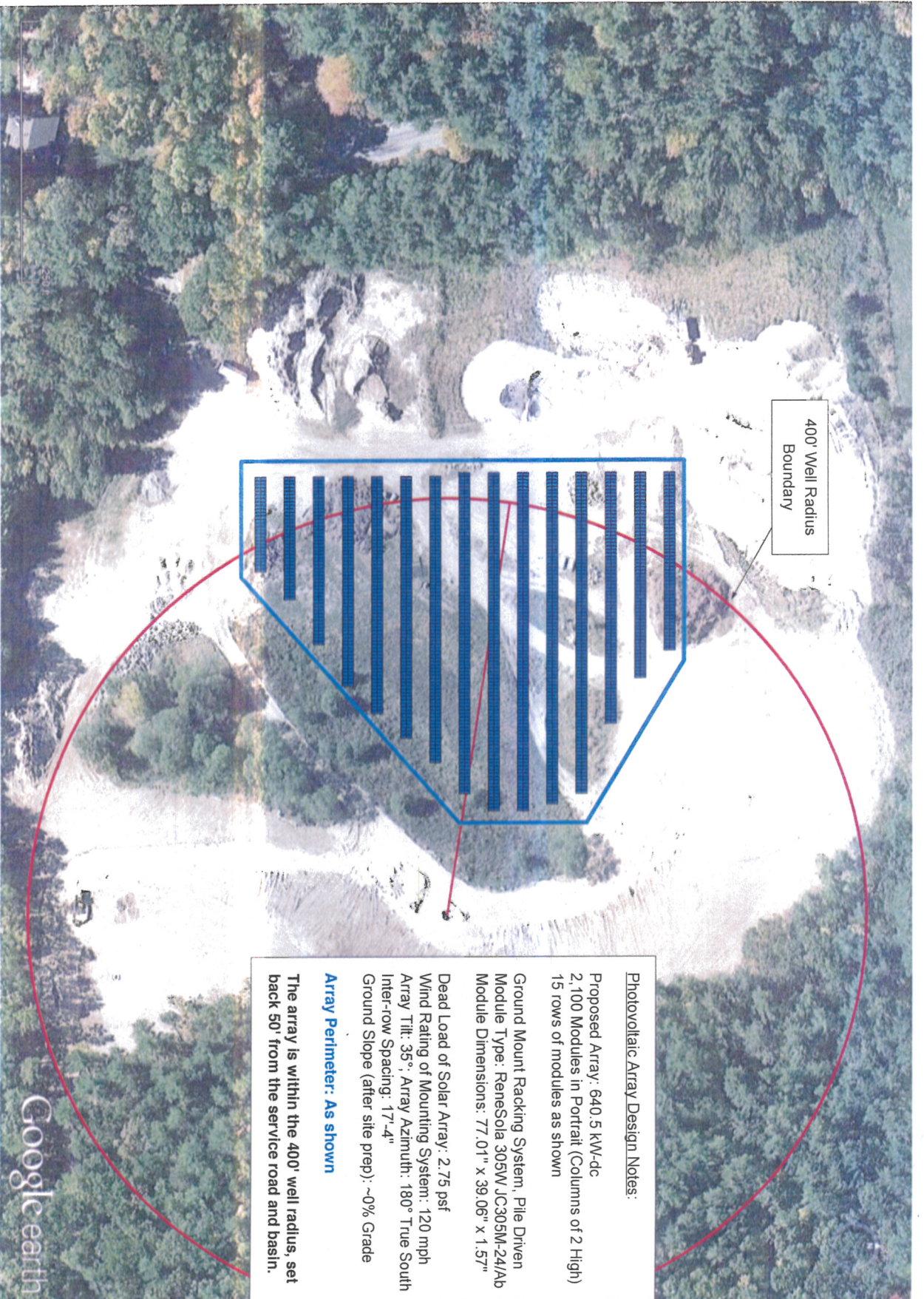
A handwritten signature in black ink, appearing to read "Karen Cramton".

Karen Cramton, Director  
Sustainable Energy Division  
NH Public Utilities Commission





5/27/15



400' Well Radius  
Boundary

**Photovoltaic Array Design Notes:**

Proposed Array: 640.5 kW-dc  
2,100 Modules in Portrait (Columns of 2 High)  
15 rows of modules as shown

Ground Mount Racking System, Pile Driven  
Module Type: ReneSola 305W JC305M-24/Ab  
Module Dimensions: 77.01" x 39.06" x 1.57"

Dead Load of Solar Array: 2.75 psf  
Wind Rating of Mounting System: 120 mph  
Array Tilt: 35°. Array Azimuth: 180° True South  
Inter-row Spacing: 17'-4"  
Ground Slope (after site prep): ~0% Grade

**Array Perimeter: As shown**

The array is within the 400' well radius, set  
back 50' from the service road and basin.

Google earth



142 Presumpscot Street  
Portland, ME 04103

**640.5 kW Solar Photovoltaic System -- Site Map**

Durham Gravel Pit  
Packers Falls Rd, Lee NH

| DATE      | DRAWN BY   | PAGE   | DWG# | Rev. |
|-----------|------------|--------|------|------|
| 4/30/2015 | L. Brostek | 1 of 1 | 1    | 0    |