

12/12/13 Westport Energy Committee Meeting Minutes

The Thursday 12/12/13 meeting of the Energy Committee in the Westport Town Hall was called to order at 7:12 PM by Chairman Tony Connors. The scheduled meeting of 9/23/13 had been cancelled and the Energy Committee members were relieved to see Chairman Connors had recovered from an accident. Other members present were Max Kohlenberg, Karl Daxland, Walter Barnes, Leo Brooks, and John Ciccotelli (7:15 PM). Absent were Antone Vieira and Ed Goldberg. Also present was John DeVillars of Blue Wave Capital and Selectman Craig Dutra.

Update on the Landfill solar project: ACE (American Capital Energy) has paid around \$5000 for an initial study/estimate from NStar. Chairman Connors learned that the sub-station located in Dartmouth would not have to be changed; however, Westport is in an NStar study queue behind a large Dartmouth solar project. ACE is supposed to pay for the entire study. Some preliminary SREC numbers are expected in 1/14 along with the opportunity to negotiate with ACE on terms.

Discussion with John DeVillars, Managing Partner of Blue Wave Capital, regarding a possible Power Purchase Agreement: Blue Wave Capital, based in Boston and founded in 2003, is involved with 10-11 PPA's with 10-15 municipalities. It focuses on Brownfield Redevelopment and for 5-6 years has been focused on solar energy and incentives from the Commonwealth. Blue Wave Capital worked on the Green Communities Act with a Massachusetts governor. It is a team of professionals says Mr. DeVillars in the areas of finance, real estate, engineering, project management, and public policy. Most solar projects are ground mounted systems, eg Westport's 600 KW plan. The Blue Wave Capital projects range from 500 KW to 6 MW in Plymouth. Secure sites include Sullivan's Ledge at Route 195 and 140 for 1.5 MW; the Rochester 4 MW 25-acre facility at Quitticas Pond; the New Bedford 500-600 KW facility next to the New Bedford High School; or the New Bedford roof top mount next to the Keith Middle School. According to Mr. DeVillars, Blue Wave Capital focuses on the interconnection service and agreement, makes sure the site is fully permitted, and, in the case of a superfund site, obtains the Federal permits. Generally, the municipality saves 1/3rd of its usual electricity costs. Blue Wave Capital has PPA's with Sturbridge or Webster, Town of Bourne (1 MW from a 4.7 MW facility), Cape Cod Community College, the Bristol County Sheriff's Office. The public benefit is in community development and community savings. There is also third party residential outreach and the focus is on hiring local workers.

Blue Wave Capital is the developer. In response to a question from Mr. Ciccotelli regarding the ownership or investors, Mr. DeVillars said 30% was a tax credit from the Federal Government; 10% was an after tax IRR and net metering; and there was value in solar energy certificates. Large utilities such as Duke Energy, ConEd Solutions, and Sun Edison, are all financing partners with Blue Wave Capital. Mr. DeVillars clarified for Mr. Barnes that the Bristol County Sheriff's Office is buying 1 MW from Dartmouth EMI and 1 MW from Blue Wave Capital in a 4.7 MW facility. Mr. DeVillars pointed out that ConEd Solutions is not the ConEd that developed the Dartmouth Faunce Corner Road solar facility.

Mr. DeVillars distributed pictures of a Westport Pricing Proposal from Blue Wave Capital for a PPA based on a 25 acre 4.7 MW solar project at the New Bedford Business Park. 2.5 MW is available and Westport could consider 1 MW. Qualification includes an interconnection agreement and a fully permitted site. As back ground information, Mr. DeVillars said net metering credits cover 3% of public projects, 3% of private projects, 150 MW public projects, and 150 MW private projects. Mr. DeVillars said that National Grid has reached its cap and NStar has only a 14 MW cap remaining for public projects. He believes that that cap for NStar will disappear in four months. Blue Wave Capital has 41 MW projects qualified, 8 to 10 MW constructed, 20 MW under construction, and 20 MW coming to construction. The SREC 2 program will be final in March 2014 and the net metering credits fund requires legislative action in 2014. Mr. DeVillars thinks it will be raised in July 2014. The New Bedford Business Park project has net metering within the 150 MW allotment. Under SREC 50% of the financing is committed. Sun Edison has contracted. Mr. DeVillars spoke of the three ways that net metering credits are priced. Option One is fixed for 20 years and 11.5 cents per credit or KWH. Option Two is 9.75 cents per KWH with a 1.5% escalator, raised annually, and at the end of 20 years equaling 12.9 cents

per KWH. Option Three is a fixed percentage discount with an example of a 20% discount and a floor of 9.5 cents. Blue Wave Capital will work under any one of the net metering pricing possibilities. He said that town managers usually choose the first and second options. The town of Webster hedged and split it up for their 9 MW facility. The investor pays ½ the fee when construction begins and ½ after the project is operating.

Mr. Brooks questioned if Westport's Landfill Solar Project had missed the cap for public projects. Mr. Connors said he was told that Westport was okay in net metering. Mr. DeVillars said that it costs \$300,000 per mile to run 3-phase power lines or \$450,000 for the New Bedford Business Park solar project. He said it costs \$30,000-\$40,000 for a detailed study by NStar. He mentioned that the Westport interconnection might cost \$80,000. The SREC 2 program value on brownfields is an 80-90% value, a higher and better use. For business property, it is 70%. Mr. DeVillars said it takes five acres for 1 MW of solar generated electricity. It costs \$5,000 per acre to lease. Mr. DeVillars said that for net metering credits; use only the Town's land. Chapter 25A11C and 25A11Z. He said generally outside counsel and consultants are retained for Town projects.

Sun Edison, the financing partner, makes an investment in the solar panels. For American-made panels it will cost .7 cents more in the pricing. Coming from experience, the efficiency criteria for the panels is 17 to 19 % over a ½ day. Over the life of the project, there will be a loss of 1/2 % efficiency in the panels. It costs \$2.5 million per MW to construct the project. Mr. DeVillars said two outcomes can occur. Sun Edison will own for six years for the Federal Tax Credit and then sell to a 4-5% annuity. Or, after 5-6 years, it will sell commercially, for example, to be purchased by Wells Fargo, the largest solar facilities holder. The project could be bundled with others and sold. Attorney Kohlenberg said that where they go next or where they come from, the community does not have to worry about since the project is covered in the PPA. Mr. DeVillars saw a community right to be engaged in the PPA. There is nobody on site at the New Bedford Business Park solar project though it will be monitored by Con Ed Solutions. The inverters will be replaced every ten years and there will be a 9' high fence. Mr. Barnes questioned Mr. DeVillars on extra panels, labor, and risk factors. Mr. DeVillars said that solar energy is not a top priority to all entities.

Note: Mr. DeVillars said that 1.2 – 1.3 KWHrs. electricity is derived from 1. MWatt solar generation.

Other contenders for 1 MW agreement: Blue Wave, Future Generation Wind, and Andy Steinke.

Energy Committee direction, leadership, etc.: Tony Connors was unanimously requested to continue on as chairman of the Energy Committee for another year. Chairman Connors told the members to look for a ninth member.

New business: Chairman Connors announced that the Board of Selectmen had voted down a consultant for the 1 MW PPA. Mr. Ciccotelli moved to get three proposals for a PPA which was seconded by Mr. Brooks and voted unanimously. Mr. Connors would consult with Town Administrator Jack Healey and create a comparison model for pricing, sites, and other features for the three.

The next meeting of the Energy Committee would be Wednesday, January 22, 2014 in the Town Hall at 7:00 PM

Adjournment: Unanimous at 9:25 PM.

Respectfully submitted by Anne Barnes

