

To: Selectboard
From: Rocky Martin 
Date: September 24, 2015
RE: Solar Tracker Project-Wastewater Plant
CC: Erik Bailey, Trevor Lashua, Renae Marshall

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In 2010 we leased 31 solar trackers from Allearth Renewables for a five year period that's up Nov 29, 2015. Lease contained a provision for the Town to purchase the whole project at the end of five years for a much reduced price of \$345,960.00 (\$11,160 each). Overall premise was that we'd have four years to see how they worked, how much power they produced, any major hassles and allow us to see if purchasing the project looked good and get to a bond vote before the end of five years. Since the beginning, array has produced more power than predicted, an average of about 232,000 kwh per year. Basic deal is we lease the equipment from AER for \$.20/kwhour produced and receive credits from Green Mountain Power based on rates that have gone up and down since 2010. Very long complicated story of the credits and net metering law and how it has affected this project-for a while we were getting the raw end of the net metering deal. But now its changed and much easier, we accumulate credits with GMP and they write us a check twice a year, net metered to only one account. Bottom line is since beginning this project has cost about \$4500 most of that accumulated before the net metering law changed. Now we receive \$.1964/kwh in credits from GMP compared to current lease rate of \$.20/kwh. Costs and credits for this project have been applied to the Water/Wastewater Enterprise Account as trackers are at wastewater plant. Lease also included options to get out of it totally at end of five years, equipment and land its on would be leased to AER at \$1500/year OR at end of ten years AER removes all equipment and project is over. There are two ornery trackers that refuse to track correctly, these could be removed or replaced.

Currently, AER has proposed some other options as (obviously) we aren't gonna make it to a bond vote or purchase by Nov 29, 2015:

1. They would renew the lease for a one year term to allow more time to review/decide if purchase is way to go, lease cost would be at the same rate as GMP credits-no cost to Town. AER has offered to hold the mortgage at 4% for ten years and supply maintenance/warranty for \$3038 per year. \$345,960 at 4% for ten years is \$42,032 per year; add in \$3038 for maintenance and total yearly cost is \$45,070. If project produces 232,000 kwh/year and we receive \$.1964/kwh credit, that's \$45,564.80; we'd be \$500 to the good every year for ten years then after that project would produce about \$42,000 in income for the Water/Wastewater account. Equipment has a minimum 25 year life expectancy.

Bottom line/Recommendation: renew lease for a one year term with lease charge to be at \$.1964 per kwh produced. Review options in detail during the next year and get to a bond vote with a longer term of 20 years or take advantage of AER offer to finance purchase. There also might be some Green Infrastructure grant money (or loan forgiveness in confusing State terms) available for this project.