

AVON CLEAN ENERGY COMMISSION
SPECIAL MEETING MINUTES
February 2, 2022

I. OATH OF OFFICE

Mr. Hogan, Assistant Town Clerk, swore in all members of the Avon Clean Energy Commission: Bernie Zahren, Melissa Firestone, Christine Winter, Kim Stevenson, Carrie Firestone, Michael Dawson and Michael Guerrero.

II. CALL MEETING TO ORDER

The meeting was called to order at 7:03 p.m. by Mr. Hogan via GoToMeeting. Members present: Bernie Zahren, Melissa Firestone, Christine Winter, Kim Stevenson, Carrie Firestone, Michael Dawson and Michael Guerrero. Advisory member absent: Johnathan Craig. Staff member present: Grace Tiezzi, Assistant Town Manager.

III. NOMINATION AND ELECTION OF CHAIR

Mr. Hogan asked for a nomination for Chairman.

Mr. Dawson made a motion to nominate Carrie Firestone as Chairman of the Avon Clean Energy Commission. Ms. Winter seconded the motion, which was unanimously approved.

Ms. Stevenson excused herself from the rest of the meeting because of a conflict of interest.

IV. OLD BUSINESS

Connecticut Green Bank Solar Marketplace Assistance Program – Recommendation to Board of Education and Town Council regarding Power Purchase Agreement Proposal for Solar Arrays at AHS, AMS and RBS

Ms. Tiezzi stated that the Clean Energy Commission members, after hearing the presentation from the CT Green Bank, will need to decide whether or not to make a recommendation to the Board of Education and Town Council on the execution of the power purchase agreement (PPA) proposal for the solar arrays at Avon High School, Avon Middle School and Roaring Brook School. She stated that, since 2015, there have been existing solar panel arrays at the high school, the middle school and the Department of Public Works. This was the first application for solar in Avon. The Town worked with the Town Attorney to develop and facilitate an RFP process and to select a contractor to install that system. The Town selected Solar City, which is now owned by Tesla.

Ms. Tiezzi stated that both the Clean Energy Commission and the Town Council had expressed an interest in additional solar over the past several years. She stated that the capital project for a new roof on Roaring Brook School was the impetus for this project that is before the Commission tonight. The Town explored the concept of working with the CT Green Bank as their consultant. In April, the Clean Energy Commission received a presentation from the Green Bank on this program and they recommended that the Town Council execute a letter of intent to move these projects forward and to give them the due diligence they required.

Ms. Basham of the CT Green Bank, stated that they are a quasi-public state agency and were created by the Legislature in 2011. They were charged with providing sustainable, long-term financing for energy efficiency and clean energy projects. She explained the Municipal Assistance Program (MAP), which offers technical assistance as well as financing to Connecticut municipalities. They have partnered with CSW Energy to support Solar MAP. Ms. Basham stated that the goal of Solar MAP is to be a trusted partner while helping Towns through the program steps of going solar. The program steps are the site analysis; project development; a competitive partner; and execution. The Town of Avon is now at the final step. She explained that this program is in its second round. Round 2 involves nine municipalities, including Avon.

Regarding the power purchase agreement, Mr. Dykes stated that instead of the Town and the Board of Education outright buying the systems for these three school projects, the CT Green Bank and their partners front all of the initial capital to build the projects and own the projects throughout the term of the power purchase agreement. They then sell the power of those systems back to the Town. They contract and oversee the construction and then maintain the systems throughout the 20-year term. During this time, the Town is only responsible for purchasing the electricity. He stated that one of the key benefits is that the electricity from the solar PV system is cheaper than utility power. After the project is completed, there will be two energy bills, one for Eversource and one for the solar power. Both combined bills will be less expensive because the solar power is less expensive per kilowatt hour than the utility power. The other benefits are that it shifts all of the risk away from the Town; there are no operation and maintenance costs to the Town; the ability to lock in low electricity rates because the PPA rate is a fixed rate; and the projects are managed by a third party solar system owner, which is why the power purchase agreement structure is the best mechanism for municipalities.

Mr. Dawson stated that there was a total discount of 35% for the five towns involved in Round 1. Round 2 includes Avon, but it looked like the discount was 33%. He questioned if this was correct. Ms. Basham stated that the discount provided in this presentation is an average of the range of discounts. Each project has its own specific PPA rate; the discount to the utility rate is specific to each project.

Ms. Winter questioned which other towns would be participating in Round 2. Ms. Basham stated the other towns include: Groton, Washington, Darian, Farmington, Sharon, Kent, Windsor Locks, and Bolton. Ms. Winter questioned if each of these towns have different utility rates. Ms. Basham stated that different buildings have different rates. Mr. Dykes stated that the utilities have different rate classes, depending on the type of customer they are and how much power they use. It also depends on who the towns decide to buy their power from. Ms. Tiezzi stated that the Town of Avon and the Board of Education participate in the Connecticut Conference of Municipalities Energy Program, which performs a reverse auction to obtain a supply contract for their energy. Avon has been with Constellation Energy for part of their energy bill. She stated that by their competitive bidding process, the Town is able to secure a more competitive long-term contract for their supply. Avon will be entering a new contract with Constellation Energy based off of the recommendation from CCM for a 20-month period. It is competitively bid in order to achieve a competitive rate.

Mr. Zahren stated that if the projects get delayed, when would the new systems get installed. He stated that there is a problem in the solar industry in terms of shortages and there is a growing delay in hooking up solar panels because of certain hardware and permitting and scheduling issues. He asked that Mr. Dykes address this issue. Mr. Dykes stated that there is a quarterly schedule, which he shared with the Commission members. Project construction would be in the third or fourth quarter of 2022.

He has seen 1-2 month delays because of racking and inverters, although he is not expecting that to impact the economics or contracts for this project.

Regarding the economics of the project, Mr. Dawson questioned how the contracted rate compares to what the Town has been paying over the past ten years. Ms. Basham stated that the Town put solar on Avon High School 7-8 years ago. The aerial layout showed the existing panels and the proposed system. The effective utility rate, just the portion of the Eversource bill that the solar would offset, would be approximately 10.6 cents. The PPA would offer 8.2 cents, which would be a discount of 22% from the utility rate. This would cover an additional 23% of the usage at this site. In terms of savings, the Town would be locking in the 8.2 cent rate for the solar power for 20 years and as rates increase, the Town would be hedging against higher rates.

Ms. Winter questioned how much of the Town's total bill is covered by the old panels, how much is covered with the new panels as well as what is not included. Mr. Sabins stated that the existing solar is already calculated on the bill; the impact of the existing solar is already netting. When they say that the percentage of offset is 23%, that would be net of the solar impact that is already in place today.

Regarding the middle school, Ms. Basham showed an aerial layout of the existing panels and the proposed system, which is about half the size of the system at the high school. The effective utility rate is approximately 12 cents and the PPA rate would be 7.6 cents, which is about a 40% discount of the utility rate. This system would cover an additional 20% of the usage.

Ms. Winter stated that the middle school is an older building and it is conceivable that during the 20-year contract, this building could possibly be torn down. She questioned who would remove or reposition the panels. Ms. Basham stated that the Green Bank would need to work with the Town if the panels would be repositioned; terminating the contract early would have consequences. She stated that relocating the panels may be the best option in this scenario. Ms. Russo stated that the Board of Education has no current plans to work with the Town to replace this building. If the situation arose that big changes were needed, they would most likely be in the form of renovations, given the size of the property and the building itself, which in that case the panels could be kept in place. If, in the rare circumstance that a new building would be constructed, they would work with the CT Green Bank and most likely position that building to take full advantage of any kind of solar system that could be put onto this building. Ms. Basham stated that the Green Bank would be open to discussions regarding this in the future, if needed.

Regarding Roaring Brook School, Ms. Basham stated that this project is utilizing only the newer roof areas. The effective utility rate is 12.3 cents and the final PPA rate they are offering is 8.8 cents, which is a discount of almost 30%. This will provide approximately half of the electricity needed at the school.

Ms. Basham discussed the Town's first year savings, their average annual saving as well as the savings over the term of the 20 years. Every year of the 20-year term, on average, the Town would be saving approximately \$35,000, which equals \$715,000 over the term. Ms. Winter questioned what the estimated average savings per year would be. Ms. Basham stated that they could provide additional information for each school for each of the 20 years. Ms. Russo stated that this information can be projected out 20 years, but no one quite knows what utility rates will be in the future. Delivery prices are also hard to project since these change every year as well. She feels that the calculations over the next few years will be the only true known savings. The Board of Education looks for any opportunity to

lock in rates; this program is so appealing to them because they can lock in the production rate for these three buildings for the next 20 years.

Ms. Winter questioned if there is a possibility of a leasing arrangement instead of this option presented tonight and what would the economics of the two different approaches be. Mr. Dykes stated that the CT Green Bank no longer leases systems where the Town would lease the system and pay the CT Green Bank a fixed fee. There is an option which is the reverse, where the CT Green Bank pays the Town to lease their roof, although this means the Town would not see any electric benefit. This is only available under the State's new solar incentive program.

Ms. Winter questioned what the new incentives were and when would they become operational. Mr. Dykes stated that they took effect yesterday. There are two options: one is the same as what this project is participating in; the other is a feed in tariff option. Under the old program, Zero Renewable Energy Certificate Program (ZREC), the utilities purchase the RECs at a fixed price for 15 years. This adds additional revenue that allows them to reduce the BPA rate to the customer. Under the new program, there is one option that is essentially the same as the old, except they will buy it for 2 years as opposed to 15 years. The other option is essentially a feed in tariff, where someone will put the system on their roof and sell the power directly to the utility. This has no effect on the electric bill. It is separately connected and does not go through the meter; there is a fixed price for all the energy and RECs from that part of the project.

Ms. Winters questioned what it would look like economically for Avon if they decided to go with this new option. Mr. Dykes stated that with either the present model or the new one, economically, the Town would most likely come out in an equivalent position or very close to it, except for Roaring Brook School. For this project, under the old program, they had to compete in an auction given its size. Under the new program, what was before a medium sized project that had to compete is now considered a small project and Roaring Brook School fell right into that change. This would make it eligible for a higher level incentive under the new program. He stated that there would be a great deal of risk involved under the new model since a lot of projects will now fall under this category. Since the incentives were secured under the old program, if the Town decides not to move forward, they would be ineligible to compete in this current option which started yesterday; they would need to wait until next year for all three projects.

Ms. Winter stated that CSW puts out the RFP for installation. She questioned how people would have a chance to participate in the RFP. Ms. Basham stated that the CT Green Bank puts out the competitive solicitation; it is an open RFP on their website. They also have a large distribution list and a portal on their website.

Ms. Winter stated that when the project goes to IPC, they are responsible for maintenance and repairs. She questioned what was covered as part of this. Ms. Basham stated that the power purchase agreement means that the CT Green Bank is responsible for all the equipment as well as for all repair and replacement. They also factor the need to replace the inverter halfway through the PPA term into the cost of the system. A key piece of this program and being a partner with the CT Green Bank is that they are not just offering the Town a power purchase agreement but discounted solar power. They are the long-term owner and they want to make sure that these systems are built correctly and built to last and that they will produce what they expect them to produce.

Chairman Firestone questioned if they ever engage with students in this process so they can understand solar and what is happening on their school's rooftop. Ms. Basham stated that they are currently looking into this with the first round of projects, including a dashboard to the portal, portal access and to be able to monitor the data, as well as a public facing portal that shows the data and information so it can be included in curriculum or shown in the entryway of the school. Ms. Tiezzi stated that there is a term in the power purchase agreement to work on a curriculum or lessons in terms of this topic.

Mr. Zahren questioned if micro inverters would be used. Mr. Sabins stated that the inverters that are specified in the conceptual design are string level inverters.

Ms. Winter questioned how this project might impact taxes and if this could put the Town into a different rate category from Eversource. Mr. Dykes stated that they do not believe their rate classes would change because of the solar.

Mr. Dawson questioned how much these projects would impact the Town's insurance. Ms. Tiezzi stated that the Town would not own the panels so they would not be on their policy, but they would need to provide evidence of insurance to the Green Bank showing certain levels of coverage. Occasionally, when a piece of property or a piece of equipment is added to the schedule of values, an endorsement sometimes needs to be paid, although they do not anticipate any additional costs on their insurance for these panels. Ms. Russo stated that they have also checked and done their due diligence regarding this project not voiding any roof warranties, etc.

Mr. Dawson stated that he believes this is a win/win for the Town of Avon and a lot of effort has been put in to this already. The CT Green Bank is using a proven method in the State to encourage and increase solar energy and clean energy. He would be in favor of this project. Ms. Winter stated that she feels that the CT Green Bank did a great job presenting and answering questions. She would propose to move this initiative forward.

Chairman Firestone thanked the presenters.

Ms. Winter made a motion to recommend that the Town Council and Board of Education authorize the execution of the power purchase agreement for Avon High School, Avon Middle School and Roaring Brook School. Mr. Zahren seconded the motion, which was unanimously approved.

V. ADJOURN

Mr. Guerrero made a motion to adjourn the meeting at 8:43 p.m. Melissa Firestone seconded the motion, which was unanimously approved.

Respectfully submitted:
Chairperson Carrie Firestone

Attest: Alison Sturgeon, Clerk