
Article 18. Loker Elementary School Solar Agreement

Proposed by: Select Board

To determine whether the Town will vote to:

a) amend Article 18 passed at the 2021 Annual Town Meeting (2021 ATM) to authorize the Select Board to enter into and execute a renewable energy power purchase and/or net metering credit purchase agreement for the purchase of solar energy or net metering credits generated by a solar photovoltaic power generation system and related optional battery energy storage capacity to be installed and operated at Loker Elementary School, and to lease or license the related land and buildings for such system, for terms of up to twenty-five (25) years, on such terms and conditions as the Select Board deems to be in the best interests of the Town; and

b) authorize the Select Board, in conjunction with the Town Manager and Board of Assessors, pursuant to the provisions of Massachusetts General Laws Chapter 59, Section 5, Clause 45, with the approval of Town Counsel as to form, to decide to enter into and execute a structured tax or payment in lieu of tax (PILOT) agreement in connection with said solar photovoltaic power generation system to be installed and operated at the Loker Elementary School for a term of up to twenty-five (25) years, upon such terms and conditions as the Select Board shall deem to be in the best interest of the Town.

FINANCE COMMITTEE COMMENTS: Passage of this article would amend the authority given by the 2021 ATM to undertake the Loker School solar project by authorizing the Select Board to sign a power or net metering credit purchase agreement, and related leasing and tax agreements, with terms of up to twenty-five (25) years, compared with the twenty (20) year terms authorized at the 2021 ATM.

Clause (b) would update clause (c) of Article 18 passed at the 2021 ATM to reflect subsequent state legislation that shifted authority for entering into such tax agreements from Massachusetts General Laws Chapter 59, Section 38H, to Section 5, Clause 45.

As authorized by the 2021 ATM, the agreements allow the Town to avoid the initial capital costs of the solar project. Instead, a third-party vendor will design, permit, finance, install and operate the solar electric power system at no cost to the Town, and sell the solar electricity or net metering credits to the Town at a pre-negotiated price. The Town benefits from a lower electricity price enabled by the vendor accessing federal tax and state financial incentives available for private sector owners of such projects. Most of the solar electricity or credits will be used to reduce the electricity bills at the Loker School. Any seasonal excess electricity will be sent to Eversource Energy in exchange for credits the Town can apply to Loker School and other municipal electric bills.

The amount of the electricity cost savings will depend on the ultimate contract term and the size of the solar array. The longer 25-year contract term will enable the Town to secure a lower price for the electricity or net metering credits, thereby increasing the net savings for the Town. Based on the current project size, and existing electricity rates, extending the contract term from 20 to 25 years could enable an incremental \$8,000 in electricity cost savings for the Town in the first year and over \$100,000 in incremental savings over the 25-year contract term.

The Town paused the solar project to enable installation of a new roof and energy-efficient electrical system upgrades at the school. The new roof and the solar array will have similar long-lives, making it likely that the Town can avoid the cost of removing panels for roof repairs. The roof and solar contractors can coordinate to ensure the roof warranty is maintained in full force.

The Loker solar array is part of the Town's efforts to mobilize municipal departments, boards, commissions, residents, and businesses to reduce community-wide greenhouse gas emissions called for by the declaration of a climate emergency by the 2021 ATM and the 2022 CAMP.

Wayland continues to realize electricity cost savings from the existing solar arrays at the Wayland High School, Wayland Middle School, the Town Building, and the Department of Public Works facility. Those projects were built at no cost to Wayland beyond staff time and are operated under similar third-party vendor arrangements.

The Energy and Climate Committee recommends approval. Vote: 5-0-0

The School Committee recommends approval. Vote: 5-0-0

The Select Board recommends approval. Vote: 3-0-0

ARGUMENTS IN FAVOR: Increasing the contract term from 20 years to 25 years, will reduce the third-party solar vendor's electricity price charged to the Town, relative to a 20-year contract length.

The solar vendor will be responsible for all upfront and ongoing project costs, including construction, operation, maintenance, and removal of the solar system. There are no anticipated operating costs to the Town other than processing bill payments.

The new Loker School roof and the solar array will have similar long-lives, making it likely the Town can avoid the cost of removing panels for roof repairs. The solar vendor will also manage the installation schedule to minimize the impact on school activities in coordination with Town staff.

The Town saves on electricity costs from the four existing solar arrays. There have been no operating issues.

The solar sector has multiple contractors, operators, and owners, thereby providing alternatives in the event of the vendor going out of existence during the longer contract period.

ARGUMENTS OPPOSED: There is no guarantee the third-party solar vendor will be in existence to maintain the solar arrays during a longer twenty-five-year contract life, or to remove the arrays at the end of the agreement. Actual cost saving may differ from the estimates, depending on future utility rates.

RECOMMENDATION: The Finance Committee recommends approval. Vote: 7-0-0

QUANTUM OF VOTE: Majority.

- a. Majority – see Massachusetts General Laws Chapter 40, Section 4 and Chapter 30B, Section 12(b).
- b. Majority – see Massachusetts General Laws Chapter 59, Section 5.

For more information, contact Town Manager Michael McCall at mmccall@wayland.ma.us.