

Wayland Solar Project: Comprehensive Questions & Answers

1. Why is solar right for Wayland?

First, the solar projects will increase Wayland's use of renewable energy to meet our "Green Community" commitment. Second, it will provide back-up solar power for our emergency shelter at the Middle School. Third, it benefits the town financially. We pay nothing to install the solar systems and they will produce economic benefits through reduced electricity costs and property taxes, estimated as \$140,000 in year 1 and potentially \$3.3 million over 20 years.

2. How were the four sites selected (Middle School, High School, and Town Building parking lots; DPW Building roof)?

The Energy Committee and Ameresco investigated possible sites on all municipal parcels, excluding conservation land. These four sites were selected based on: potential solar capacity, feasibility and costs of construction, and feedback from town committee and staff. Roofs at other school and town buildings did not have enough solar potential or sufficient structural support for solar arrays. The steepness of the landfill slopes and limited flat areas ruled out this site. The Town's consultant (Peregrine Energy Group) reviewed the proposed four sites and concluded that the technical details are sound.

3. How will the Town benefit financially?

Wayland will transfer the solar power we buy from Ameresco to the utility and receive dollar credits (net metering credits). The credits will be applied to the Town's existing utility bills, producing savings in our energy bills. This approach provides greater savings than using the electricity directly in our buildings. The Town will also receive annual property tax payments from Ameresco on their solar systems.

4. Is there a risk that Wayland could lose money?

There is no reasonable scenario under which the town would lose money. The Town's consultant (Peregrine Energy Group) reviewed the Energy Committee's financial analyses, and concluded that Wayland's 20 years savings should significantly exceed the Town's cost to purchase the power from Ameresco.

5. How was Ameresco selected?

Ameresco was selected under a competitive regional procurement run by the Massachusetts Area Planning Council (MAPC) to identify a company that could provide energy efficiency and solar services to 14 towns. Wayland participated in this procurement.

6. Are other towns in Massachusetts installing solar?

Yes, over 100 towns have installed or are installing solar projects, including Sudbury, Acton, Newton, Natick, and Lexington.

7. Will the canopies affect snow plowing operations? Could significant icicles form?

The Town's Director of Public Works is comfortable that the canopy designs will have no significant effect on snow plowing. The canopy design firm reports that icicles have not been a problem in their other projects. Rutgers University installed in 2012 a large canopy system (8x the size of the Wayland canopies) using the same type of canopy; they report no problems with either snow plowing or icicles.

Ameresco and Solaire have designed the canopies to be 14.5 ft, 1 ft higher than the standard height to enable the DPW to use its larger equipment for snow clearing operations. The time needed for snow clearing may vary slightly from current operations. While the pillars may lead the operators to take an extra pass in certain areas, the cost impact of such variations is not expected to be significant. Because the canopies retain snow, there may also be less snow on the ground to clear and this could reduce plowing time. The DPW Director has advised the Board of Selectmen that he is comfortable with plowing around the proposed canopies at all three sites and takes no objection.

8. Will there be any additional operating Town expenses?

Town staff (DPW, Facilities, School) has not identified any measurable added operating expenses resulting from the installation of the solar arrays. An Ameresco affiliate will own the solar panels and canopies and will be responsible for all costs associated with operation and maintenance.

9. Is there any added liability for the town?

No. Ameresco will be required to maintain standard commercial insurance, including general liability and workers compensation.

Ameresco owns the solar panels and is responsible for covering all costs associated with operation and maintenance. Ameresco will be responsible for repairing any weather-related damage to the canopies. The Town will have no responsibility to pay for or undertake such repairs. The PPA will require Ameresco to give regular certificates to the Town evidencing their commercial insurance remains in force. Ameresco will have the incentive to repair any damage promptly, as the PPA will require the Town only to pay for actual solar electricity received.

The solar developer will be responsible for any damage or leaks caused by installation of the solar array on the new DPW roof. The potential for such damage is low, since the attachment of the panels to the new DPW roof uses a clamp design and does not require penetrating the roof. In case of damage, the developer will coordinate with the Town and its roofing contractor on the actual repair work. The Town will remain responsible for any roof repairs and maintenance unrelated to the solar array. In the event that roof repairs or maintenance require some panels to be removed temporarily, Ameresco will remove and reinstall the panels in coordination with the Town on the repair work.

10. What happens if the Town leases or rebuilds the Town Building?

The parking lot canopies will not affect any interior building renovation. A sale or lease of the building and parking lot could include access to the parking spaces under the canopies.

The Town will license access to the parking lot for the solar canopies for 20 years. The license will allow the Town continued use of the parking lot for parking purposes; the Town will still maintain the parking lot, including snow plowing. This license will continue even if the Town decides to repurpose the Town Building. Ameresco would still be able to operate the solar canopies, and the Town would still get the benefits of the related utility credits. The Town would not be obliged to buy the solar canopies from Ameresco.

11. In Year 20 at the end of the power purchase agreement, what happens to the solar arrays and canopies?

At the end of the contract, Ameresco removes the arrays and canopies at their expense and returns the sites to their original respective conditions (normal wear and tear excluded) unless the Town decides it wants to extend the agreement or buy the solar arrays (at fair market value and with a Town Meeting vote). These terms are specified in the agreement the Town will sign with Ameresco.

12. What happens if Ameresco goes out of business during the term of the contract?

There should be no cost impact to the Town. The solar arrays would continue to operate. Ameresco's financing partners for the project would remain involved and would just hire a new operator to handle billing and routine maintenance.

Additional Questions

Q. Will canopies in the parking lots reduce the number of parking spaces?

A. No. The solar canopies will be designed so that the vertical pillars for the canopies fall within parking spot medians or borders. The total number of spots in the lots surveyed will not decrease. In very limited cases, a spot's width may decrease making the spot suitable for compact cars only, but most spots will be unaffected.

Q. Why are we taking a risk by buying electricity from the developer and reselling it to the utility? Why not just lease the solar panel mounting space to the developer at a specified contract price?

A. Electricity is worth far more when it is used to offset a retail bill than when it is simply sold into the commodity wholesale market. There are special state rules that make electricity especially valuable when it is generated by solar power and used by a municipality. The proposed arrangement with Ameresco takes full advantage of those special provisions; any other contractor would want to do so as well. Simply leasing the mounting space for solar panels would be far less valuable, to the point where it would be unlikely to interest any developer. It would certainly generate far less revenue for the town.

Q. If the Town approves the article, who will negotiate the power purchase agreement? Does the Town have access to specialized legal counsel?

A. The Public Buildings Director will lead the negotiations for the Town. As part of the Town's advisory agreement with Peregrine, McCauley Lyman LLC is available to review the power purchase agreement and related documents. The law firm has extensive experience in negotiating power purchase agreements, and has worked on comparable transactions for over 20 other towns in Massachusetts. The co-founder, Don McCauley, has been active in renewable power project development and financing transactions for many years. If the Town needs more legal support than available under the Peregrine contract or desires to contract with legal counsel directly, the Board of Selectmen can engage additional legal services as needed, either with McCauley Lyman or other firms with expertise in this field.

Q. Are there other towns or schools installing solar using a net metering financial structure?

A. Yes. Ameresco has worked with several towns to install solar projects under a net metering structure, including Acton, Lowell, Melrose, Newton, Lexington, Sudbury, Newton, Natick, and Dartmouth. Ameresco is currently installing projects under a net metering financial structure for the Walnut Hill School in Natick, the Massachusetts Department of Transportation in Framingham, Natick, and Plymouth, and the Town of West Newbury. This list is likely an undercount of the towns using net metering as it only represents the projects managed by Ameresco.

Q. Will a structured tax agreement help the Town?

A. Yes. Although legally the equipment is owned by a third party and therefore must be taxed, this is a unique situation because the entire amount of the tax will come out of the money that Wayland pays to the developer for electricity. The developer will simply adjust the electricity price to cover whatever the amount of the tax may be. Therefore, Wayland is in effect taxing itself. Given that basic fact, the Energy Committee believes the best option to be the simplest and least painful. A structured tax agreement setting up front the amount of tax to be paid each year will provide a known and stable electricity price, known and stable property tax income stream, and simplify administration as opposed to the alternative of reassessing the equipment every year. The tax amount will be based on the actual value of the solar equipment and the Town will be required to follow MA Department of Revenue procedures.

Q. Will the Town use the solar electricity directly?

A. No. The Town will continue to buy the same amount of electricity from its current electricity suppliers.

Q. If the Town will not be using the solar electricity to reduce its purchases of fossil fuels, how is the Town fulfilling its Green Community mandate to reduce its fossil fuel consumption?

A. The Town will transfer the solar electricity to the grid, thereby reducing the need for Eversource to purchase generation made from fossil fuel sources.

Q. If the Town is not using the solar power to reduce its utility purchases, how will the Town save money?

A. The Town will transfer the solar-generated electricity to Eversource in exchange for dollar credits that the Town will apply to its existing Eversource utility bills. In addition, the Town will receive annual personal property tax payments from Ameresco.

Q. The Town will buy the solar power from Ameresco at a fixed price under the power purchase agreement. Will the price at which the Town receives credits from Eversource also be fixed?

A. No. Eversource has assigned a rate for the valuing the solar power and the net metering credits. Like the rates under which most individuals buy power from the utility, the utility will adjust the rate semi-annually based on its expected costs to produce and deliver power.

Q. If the rate governing the credits is not fixed, what is the likelihood that the town could lose money on this project?

A. The likelihood of the Town losing money is very low. Eversource has advised Ameresco that it has assigned the most beneficial rate, the B5 rate, to the solar production from this project. The town's consultant, Peregrine Energy Group, reviewed the financial projections for the combined four solar installations and concluded that, "Wayland's 20 years savings from net metering credits should significantly exceed the Town's cost to purchase the power from Ameresco". The Energy Committee evaluated a wide range of scenarios that might reduce the savings, including the potential of the utility assigning a different rate to the solar power, the exclusion of this winter's price increase in the credit rate, or other significant drops in the credit rate used to generate the Town's credits. Under each scenario, the Energy Committee found that the Town still will see net financial benefits. The fuel cost component of the utility's credit rate would have to drop 85% for the Town not to have any electricity saving from the solar project. Even in that extremely unlikely scenario, the Town still will receive the benefit of the property tax payments. (In that scenario, the Town would also see drops in its regular energy bills not associated with the solar agreement.)

Q. What about future inflation?

A. Any future inflation will improve the savings to the Town from the solar project. The price paid for the solar power will be set under the power purchase agreement at an initial price and thereafter increased annually by a set percentage. Increases in utility rates due to inflation will cause the Town to receive more energy credits from the same amount of solar production. Thus, the solar project will provide a partial hedge against future electricity price hikes.

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Q. What is the Middle School resiliency project?

A. Wayland has been awarded a \$260,000 grant under a state program to improve the resiliency of the community's emergency shelter if the grid fails in a major storm. The grant will fund the addition of specialized controllers to enable the proposed Middle School solar array to keep supplying power to the shelter during the daytime. This will decrease greenhouse gas emissions and fossil fuel consumption by reducing use of the diesel generator, and also stretch the life of the generator's on-site fuel supply. The grant funds can only be used in connection with the proposed Middle School solar array.