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Solar buy proposed for Manchester

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MANCHESTER — City officials Tuesday unveiled a plan to build a solar installation at the city landfill, part of a 25-year power purchase agreement forecast to generate \$5.5 million in cost savings and payments to the city over the lifetime of the deal.

The Board of Mayor and Aldermen heard details of a proposed solar energy power purchase agreement and landfill lease from BFHJ Clean Energy Professionals of Newark, N.J., following a presentation on a solar power plan for the city by Mayor Ted Gatsas, Assistant Public Works Director Tim Clougherty and Director of Central Fleet Services Kevin O'Malley.

"This proposal accomplishes three objectives for the taxpayers of Manchester," Gatsas said. "First, it achieves sustainability goals. Second, it generates real, long-term savings that will benefit the taxpayers. Third, with this proposal Manchester is once again taking the lead in New Hampshire when it comes to the energy future of municipalities."

According to the presentation, the 25-year agreement includes up to \$515,000 in "front-end" payments to the city, and \$133,000 in guaranteed annual energy savings.

According to Greg Senkevitch, CEO of BFHJ Clean Energy Professionals, his company is responsible for any costs associated with breaking current power supply agreements. If Manchester is able to negotiate favorable terms in breaking the agreements, BFHJ will pay the city up to \$250,000.

The proposed contract rates guarantee \$133,000 per year in energy savings. BFHJ proposes posting a \$500,000 letter of credit to back the savings guarantee.

Officials said the agreement includes two five-year renewal options and would supply approximately 25 percent of the city's current power needs.

The second part of the proposal is for a 25-year land lease for a 3-plus megawatts solar array — about 9,000 solar panels — at the Manchester landfill on Dunbarton Road. The city would receive \$67,000 a year in lease payments, totaling \$1.675 million over the life of the agreement. If the scope of the project grows, the lease payment to the city would as well.

According to the presentation, the array would be constructed only on closed sections of the Manchester landfill, with no effect on current operations.

According to city officials, Manchester has \$4.2 million in unused Qualified Energy Conservation Bonds, which the New Hampshire Business Finance Authority will use as part of BFHJ's permanent financing of the entire project.

If the contracts can be worked out within the next 45 to 50 days, BFHJ hopes to begin construction next March, finish construction by July, and commence power operations in August or September 2018.

Based on that timeline, land lease payments would begin next September.

The current proposal differs from a solar array project to generate electricity for Manchester city government. Brought forth in 2015, it was ultimately nixed by the Executive Council on a 3-2 vote.

That project would have generated 1 megawatt of power compared to the 3-plus megawatts under the new proposal. The 2015 proposal involved a \$25,000 payment to the city for the landfill, compared to the \$67,000 lease payment proposed by BFHJ. The 2015 project forecast savings to the city of \$1 million to 1.5 million, compared to the total benefit to taxpayers of \$5 million officials claim will be created by the current proposal.

"There's no part of the funding of this project that would require going to the Executive Council for approval," said O'Malley.

City officials and representatives from BFHJ will continue to work on a final agreement, which will be sent to the Energy Committee for review later this year.

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