



Debra Lane &lt;debra.lane@capeelizabeth.org&gt;

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**Fwd: Memo to Cape Elizabeth Town Council re: RFP for a Landfill Solar Project**

1 message

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**Matthew Sturgis** <matthew.sturgis@capeelizabeth.org>  
To: Debra Lane <debra.lane@capeelizabeth.org>

Thu, May 28, 2020 at 1:47 PM

Here is part one of two emails that Sam Milton, their Chair sent to me for Monday.

Matt

----- Forwarded message -----

From: **Sam Milton**

Date: Wed, May 13, 2020 at 1:00 PM

Subject: Memo to Cape Elizabeth Town Council re: RFP for a Landfill Solar Project

To: Schwarz, Perry <pschwarz@capeelizabethschools.org>

Cc: Sturgis Matthew <matthew.sturgis@capeelizabeth.org>

Perry, Can you please forward this memo from the Cape Elizabeth Energy Committee to Town Council for their feedback prior to the June 1 workshop?

Thank you,  
Sam Milton, Chair

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Memorandum: Cape Elizabeth Energy Committee Preliminary Analysis  
of Bids Received Under the RFP for a Landfill Solar Project

### Summary

On January 30, 2020 the Town Issued an RFP for the design, construction, operation and financing for a PV array on the town landfill under the Maine Net Metering Law. Seven companies responded to the RFP, and the 7 bidders presented 37 variants.

Following an Energy Committee Meeting on 2 April (Zoom Meeting), the Town requested clarifying information from all of the bidders. All bidders provided clarifying responses, which included 9 additional variants.

### Overview of Bids

All Bids anticipate that the Town will enter into a 20-year contract to purchase electricity from the project. The Town will purchase electricity at either a fixed price per kWh, a fixed price per kWh inflated at 1.5-2.0% per year, or a floating price expressed as a percentage discount to applicable electricity rate of Central Maine Power (CMP).

The sponsor/developer will finance, build and operate the project for its full useful life, and the Town will pay no costs other than its legal review costs. The Town will have the option to purchase the Project after 5, 10

and 15 years of operation at a fixed price. The Project would supply 50-60% of Town Electricity usage based on the most recent annual data.

The Town may choose to “retire” the Renewable Energy Credits (RECs), which means that the Town can claim to have used “green power” and reduce its carbon footprint accordingly. The Town may also choose to allow the Sponsor to keep the RECs, which will reduce the Town’s costs (see below for more information) but will not technically affect the Town’s carbon footprint as under “green attribution rules” the owner of the RECs is deemed the purchaser of the renewable energy.

The Committee anticipates some very limited tree removal or pruning to eliminate shade and increase production. However, several bids provided alternate layouts that would require substantial tree removal at the Landfill. These would materially increase savings for the Town, but were not shortlisted, as substantial tree removal would likely meet with substantial public opposition

Several bidders would be willing to also sell power from net metering projects in other locations to meet the Town’s full needs.

All bidders meet minimum experience requirements, though some are more experienced, especially in landfill, than others. There is a wide variation in technical proposals and projected electricity generation. This appears to be due to several bidders doing better engineering and layout.

### **Issues Requiring the Town’s Input**

Before the Energy Committee solicits final bids from the shortlisted bidders, we request Town Council to weigh in on two points: 1) How shall the Committee weigh the value of Renewable Energy Certificates generated from this project, which represent the project’s “greenness”, and 2) Conflict of interest of Committee Member Tom Murley.

#### 1. Renewable Energy Credits

The Project will generate Renewable Energy Certificate (RECs). RECs represent the renewable attributes of the power. Under Maine’s Renewable Portfolio Standard (RPS), retail suppliers (either standard offer or competitive suppliers) are required to acquire a certain percentage of electricity from renewable sources. They do this by purchasing RECs.

Power Purchase Agreements like the one solicited by the RFP can either include the RECs or the project owner can retain the RECs. There is a market for RECs, which allows the project owner to sell the RECs separately to gain additional revenue outside the PPA.

Under Maine laws and rules regarding “attribution” of green energy, in order for the Town to claim that it is purchasing renewable energy, the Town must retain the RECs, but that means that the price at which the Town buys power is higher as the owner/sponsor loses the right to sell the RECs.

Because the Committee has not received direction from the Town if its goal is to maximize monetary savings or to green up its electric supply, the Committee asked bidders to provide bids where the town retained RECs and bids where the project owner retained RECs. In the bids received, the cost to the Town of keeping the RECs averages \$25,000 per year, or a reduction in average electricity savings from \$75,000 to \$50,000 per year

Maine Towns have different goals surrounding carbon reduction and that causes them to make different decisions about RECs. Our neighbors, South Portland and Portland have committed to reducing community

wide greenhouse gas emissions 80% by 2050 and transitioning to 100% clean energy for municipal operations by 2040. Portland, South Portland and some other neighboring towns are entering into PPAs under which they will retain and "surrender" the RECs to achieve their green targets, but they have also indicated that they might sell them in the future if they want additional cash savings. Other towns, including Falmouth chose to pursue larger monetary savings and allow the project owner to retain the RECs. There are differing views on this subject among committee members, with some favoring leaving the RECs with the owners and maximizing cost reductions and other members favoring the Town keeping the RECs and presenting an even greener image

**ACTION REQUESTED: The Town Council must decide if the Town shall retire the RECs or allow the Sponsor to keep them.**

## 2. Conflict of Interest

Energy Committee Member Tom Murley is a member of the board of Ameresco, an NYSE listed company and recommended shortlist bidder.

Mr. Murley has disclosed the conflict from the outset and has recused himself from voting on the shortlist recommendations.

With over \$900 million in revenue, the Project would represent approximately 0.2% of Ameresco's annual sales.

Mr. Murley has affirmed that he receives no compensation from Ameresco if it is named the successful bidder.

The small size of the Project means that it does not come to the Ameresco board for approval so Mr. Murley plays no part in the corporate decision to pursue the Project

**ACTION REQUESTED: Acknowledgment of conflict and permission for the Energy Committee to continue to manage the conflict**

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Matthew E Sturgis, CMA  
Town Manager  
Town of Cape Elizabeth



Debra Lane &lt;debra.lane@capeelizabeth.org&gt;

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**Fwd: Energy Committee questions for June 1 workshop**

1 message

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**Matthew Sturgis** <matthew.sturgis@capeelizabeth.org>  
To: Debra Lane <debra.lane@capeelizabeth.org>

Thu, May 28, 2020 at 1:47 PM

Part two

----- Forwarded message -----

From: **Sam Milton**

Date: Tue, May 26, 2020 at 7:59 AM

Subject: Energy Committee questions for June 1 workshop

To: Sturgis Matthew &lt;matthew.sturgis@capeelizabeth.org&gt;

Cc: Schwarz, Perry &lt;pschwarz@capeelizabethschools.org&gt;

Matt,

There are three additional points the Energy Committee would like to get clarified at the Workshop next week:

1) Schedule. In this final stretch of the RFP process, we would like to get direction as to whether the Committee has the power to approve the preferred bidder right away, or are there still additional steps? I will note that the project is on the agenda for the June 15 Council meeting, presumably for a vote. Also, the Committee is assuming that the Town will also need to schedule permitting workshops and meetings. Please advise as to other issues that may affect the timing of our final selection and contract negotiations.

2) Approvals. Related, what are the Town Council approvals that the Committee need to have in order to negotiate with the preferred bidder?

3) Legal. Please advise as to the appropriate legal counsel and budget for the solar power purchase contract review.

Thank you,

Sam Milton

Committee Chair

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Matthew E Sturgis, CMA  
Town Manager  
Town of Cape Elizabeth