

Two solar energy companies make bid for Tivnan Drive land

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WEST BOYLSTON — Solar energy production could be the future for the town-owned land on Paul X. Tivnan Drive. Selectmen last week heard presentations from two companies seeking to put a solar farm on the land. With several financial questions still unanswered, however, further discussion was put off until August.

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Borrego Solar joined SPG Solar, a company that had already held informal talks with department heads through a "Project Roundtable" meeting in March, in presenting plans for a roughly 4 megawatt producing facility.

Both presented plans that did differ somewhat. But, neither presentation had been made to the Board of Light Commissioners, which still has to enter its own agreement to buy energy at the rates proposed to selectmen.

In addition, solar companies statewide are waiting for the legislature to pass a bill now in conference which would prohibit personal property tax from being levied on the equipment expected at the site. Instead, the law will tax solar companies on the amount of energy they produce, at a rate set by the state.

Currently, there is a 1 percent difference in bills that already passed in the House and Senate. The House bill would tax the energy at 6 percent, the Senate would tax energy at 5 percent.

Any state law dictating how solar companies could be taxed will affect negotiations and the potential for payment in lieu of taxes agreements sought by the town.

For example, Jared Connell, Borrego's project development manager told the board last week the company would not be interested in negotiating for amounts higher than what the state requires.

Principal Assessor Harald Scheid pointed out the equipment could be valued in the area of \$50 million in its first year. Based on current tax rates, that's about \$300,000 per year, over the lease.

If the state law passes, the town's assessors would be restricted from taxing the property. However, the town would not be out all of that money. Based on the energy sales proposed, 5 percent could bring in hundreds of thousands of dollars as well.

Proposals

Both companies are proposing roughly the same energy output for West Boylston.

The four megawatt output represents the maximum the Light Plant can allow for a mixture of reasons, among them, the current infrastructure and the need to diversify how its energy is created. That means, the Light Plant must also obtain power from other renewable sources as well. With a threshold of about 13 megawatts total, Light Plant manager Jonathan Fitch called four megawatts a "high percentage" penetration.

Both companies are looking to lease around 20 acres of the town's 34-acre parcel, though SPG's written proposal indicates slightly less land requirements.

Both are proposing "low impact" projects, meaning nothing beyond an access road and basic structures, and no water required after construction.

Borrego proposed leasing the four acres from the town for \$100,000 in the first year, with an annual 2 percent increase. The company told selectmen it would sell energy to the Light Plant at 5 1/2 cents in year one, with a 1 percent increase annually.

Fitch said the number looks good at face value, but asked both companies to talk to light commissioners at their August meeting.

SPG offered a different approach, offering a PILOT agreement to the town of around \$20,000, with a 1.5 percent annual increase, and one-time permit fees of \$80,000. The major revenue in the proposal comes from a promise to save the town's residents money by offering lower-cost energy to the Light Plant and by using local subcontractors to build the site.

Based on historic rates, the company estimates the site will save ratepayers more than \$3 million over the life of the 20-year lease.

In its written proposal, one paragraph states: "The ratepayers are the taxpayers. Any benefit that can be brought to the (Municipal Light Plant) will be passed through to the town in the form of electricity savings, which in turn will support the local economy."

The company is also offering education benefits by offering to have experts present green energy presentations at the schools.

In terms of sale pitch, Connelly referred to the company's high success rate, saying the response was a "concrete proposal that can actually happen."

He noted several functions of developing solar sites have been moved in-house. The company also stands behind its record of meeting or exceeding the power output it proposes. Estimating higher production to increase potential revenue for property owners and companies is a common industry tactic, he said.

But neither plan could offer anything but estimates until light commissioners approve a purchase agreement, and the legislature acts. Light commissioners are meeting in August, and Fitch invited both companies and selectmen to attend.

The legislature is expected to vote at the end of July. The law is expected to pass, according to Connell, Connelly and Scheid. What is unknown is the final tax rate, and whether communities that negotiated PILOTS previously will have to conform to the new law.

Selectmen Chairman Kevin McCormick said board members may visit nearby projects from the companies as well.

Both companies expect to be operational by next spring or early summer, depending on the permitting process.