



TOWN OF WARNER

PO Box 265
Warner, New Hampshire 03278-0265
Telephone: (603) 456-2298 Fax: (603) 456-2297
Warnernh.gov

Select Board, Harry Seidel, Chair
Michael J Smith
Alfred Hanson
selectboard@warnernh.gov
Kathleen Frenette, Town Administrator
administrator@warnernh.gov

Warner Selectboard Discussions Encore Solar, Sam Carlson, Payment In Lieu of Taxes (PILOT) Taken from Select Board Meeting Minutes

October 22, 2024 10:00 AM

VI. Select Board Business

a. Payment in Lieu of Taxes (PILOT) – Poverty Plains Road Solar Array

Sam Carlson from Encore Renewable Energy via zoom was present. Harry Seidel read a letter from Encore Renewable Energy regarding a \$20,000 donation to the town as part of their good neighbor policy with towns hosting their solar array projects. Faith Minton asked for clarification between the two memos one refers to a life span of 5 years and the other refers to the life time. Sam Carlson explained that the initial state statute regarding a PILOT arrangement with solar projects was a 5-year agreement. He stated that because these are long term assets that do depreciate and for the reason of predictability in terms of town revenues and project expenses these PILOTS are typically 20-25 years.

Harry Seidel explained his position regarding renewable energy, specifically solar. He is in support of it. He spoke about high property taxes in Warner and the need to increase revenue. Harry Seidel expressed his opinion that a PILOT needs to accomplish two things; 1) encourage positive developments like solar 2) balance the need to create revenue. Mike Smith echoed Harry's comments. He spoke about the possibility of adjusting the agreement every five years. Sam Carlson explained that in the first year the array will be at the highest production and the highest revenue. He stated that solar arrays degrade by .5% per year in terms of production and revenue. He explained that the power purchase agreement with Community Power Coalition of NH has a fixed per kilowatt hour rate for the 25 years. He stated that their revenue will decrease slightly every year. He advised the Select Board that they will not be adjusting their sale price of electricity to the coalition. Harry Seidel asked for clarification on the rate per kilowatt hour. Sam Carlson stated it is 9-10cents.

Mike Smith asked if the Energy Committee has discussed the proposed solar PILOT program. Clyde Carson stated that the committee is aware of the proposal. Harry Seidel asked for clarification on range per megawatt in the state as referenced in the amount of \$2,800-\$4,000. He asked if that is an annual amount. Sam Carlson confirmed that equates to \$20,000 per year. Sam Carlson spoke about the possibility of an inflation escalator being built in the PILOT in the years to come. Mike Smith

6/24/25 Encore Public Hearing

agreed with the idea of an inflation escalator because while the production may go down the Town's cost will go up. Mike Smith said he likes the plan and hopes that it will move forward. He stated that the Select Board must consider the Town's cost and the need for revenue. He asked when the decision needed to be made. Sam Carlson stated they would like the project to greenlight sooner rather than later. He will be attending the November 12th Select Board meeting. He stressed that the solar array will not impact town services (such as school, snow plowing etc). Harry Seidel stated that he supports the project, but he is also thinking about the housing needs and economic growth that Warner needs.

Sam Carlson will send a 25-year payment schedule using different escalators and different starting points for the Select Board to consider and discuss at the November 12th meeting.

November 12, 2024 4:00 PM

IV. Sam Carlson, Encore Solar, Payment in Lieu of Taxes (PILOT), Poverty Plains Road Array

Sam Carlson from Encore Solar and Fred Hill Poverty Plains Road property owner were present. Sam Carlson advised the Select Board that a power purchase agreement is in place with NH Community Power Coalition (NHCCPC); the alteration of terrain permit has been submitted and deemed complete by the Department of Environmental Services (DES); the impact study from EverSource has been received and no issues were identified; on October 23rd he submitted a proposal to the Select Board relating to the PILOT which stated the land lease is 25 years with the option to extend. Mike Smith stated he reviewed other communities with similar solar agreements and the proposal from Encore does not compare to other towns. He questioned why the base rate is \$3,000. Sam Carlson explained that amount is per megawatt which was based on the clean energy fact sheet. He stated the range is \$2,000 - \$4,000 a megawatt. Sam explain the project is 5 megawatts, multiply the per megawatt cost by five to determine the annual payment. Each year that payment increases by the escalator. Sam Carlson presented 3 financial scenarios for the Select Board to consider and use to determine the property tax obligation.

Faith Minton stated she prefers scenario #3 because it is more revenue for the Town. Harry Seidel spoke about the Town's need to generate revenue. He spoke about the possible use of the property as residential housing that would bring in revenue. Mr. Hill explained that he has no interest in developing his land for housing. He explained that the land has been in his family for generations. He stated that lot is 242 acres but the solar array would only use 20 acres and the gravel pit will remain active. Sam Carlson stated he could live with any of the three scenarios. Faith Minton asked about the property tax for that area now verses the PILOT. Mr. Hill explained that the land is in current use and the tax bill is only \$2,500.

The Select Board opened the floor for public comment.

John Leavitt asked for clarification on the property taxes. Christine Perkins spoke in support of the project. She supports the middle scenario. Barb Marty asked for an explanation on what a PILOT is. Harry Seidel explained that it is a long term agreement negotiated and paid to the Town instead of typical property taxes. He stated that PILOT's are designed to create tax revenue for a municipality, the facility such as a solar array does not use typical town services. Mike Smith stated that length of the agreement has not been decided. He explained that in scenario #1: year one would generate \$13,000 and with the escalator year five would generate \$21,000. Ginger Marsh stated that Mr. Hill pays \$2500 for 242 acres because of current use, but if the solar project is approved it would generate additional tax revenue for that area.

Faith Minton stated that based on other town's PILOT programs the base is \$3500 or higher. The Encore proposal for Warner offers 3 scenarios starting at: 1) \$2750 2) \$3250 3) \$3750. She would like the Town to consider \$3250 or the \$3750 base. Mike Smith agreed. Mike Smith spoke about other PILOT programs throughout the country that range between \$6,000 and \$9,000. He stated that he originally was thinking about a low point of \$4,000. Sam Carlson stated that Encore is working on projects in Peterborough, Derry, and Conway. Faith suggested the middle of scenario 2 and 3 and proposed \$3,500. Harry Seidel supports scenario 3 at \$3750 base. James Sherman expressed concern about using an inflation rate of 2%, when currently it is 3%. He would like to see something in the contract that requires the contract to be reviewed. Mr. Sherman explained that he was not able to find a projected interest rate at 1.8%. He advised the Select Board that what he found for the next ten years was 2.3 to 2.4%. Mr. Carlson countered saying the Federal Reserve's projections are 2.3% for 30 years and the solar panels denigrate half a point each year. Mike Smith stated that he would support \$3750 as the base with an escalator of 1.8% for 25 years, year 26-35 the escalator would increase to 2.3%.

Harry Seidel made a motion seconded by Faith Minton to enter a contract with Encore Renewable Energy at a rate of \$3,750 per megawatt with an annual escalator of 1.8% for 25 years after which the annual escalator will increase to 2.3% for the last 10 years. Motion passed unanimously.

Faith Minton made a motion seconded by Harry Seidel to authorize Kathy Frenette to work with Sam Carlson from Encore Renewable Energy to create a contract for the Town of Warner which will be reviewed by the Warner Select Board. Motion passed unanimously.

November 19, 2024

6:00 pm - Selectboard Meeting Continued

IV. Town Administrator's Report Kathy Frenette distributed an email from Sam Carlson regarding the payment in lieu of taxes (PILOT).