

Strafford Energy Committee

Elizabeth Mine Reuse Plan

December 11, 2013

Strafford has an opportunity to play a significant role in the development of clean, renewable energy in Vermont. Vermont has legislated a goal of 90% percent renewable electricity by 2050, and Strafford can help contribute to that important goal through helping to facilitate the construction of a large, 5 megawatt (MW) solar photovoltaic array at the now reclaimed Elizabeth Mine Superfund site.

Importantly, the project would be owned by private investors and would not cost the town anything. Indeed, the town would benefit financially in a modest way through an increase in the tax base and more reliable, locally generated electric power. More importantly, the town would benefit from a sense of pride in being the location of one of the largest solar arrays in the state, not to mention the location with the most appropriate site for a large solar array in the state. (Several Vermont solar sites now visible from highways are about half the size of the 5 MW contemplated here, and none of them occupy contaminated, underutilized or otherwise undevelopable property.)

Although the power generated at the project would go onto the grid, the electricity would still be used locally. The estimated power generated would cover about 200 percent of current electricity usage in Strafford. Strafford could take pride in knowing that our town would contribute more electricity to the state than we use, thus helping Vermont achieve the goal of energy self-sufficiency.

An interpretive center is already planned for the Elizabeth Mine site. The historical attractiveness of the location to visitors would be strengthened by the solar site, with the theme “People, Technology and Nature: Past and Present” integrating the two.

Here, in a nutshell, is how it would work. The Elizabeth Mine capped tailing pile land is now privately owned, and for the project to work, the land would be sold to a public entity, the Green Mountain Economic Development Corporation. GMEDC would, in turn, lease the land to the investors, who would own the project. (More on

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the investors shortly.) The proceeds from the lease of the land would be used to help pay for the state's required maintenance of environmental remedy for the site, which is an important benefit to the state and its taxpayers.

The investors would likely be a large financial institution, large utility or independent power producer, in effect, a private corporation. They would lease the site, pay for permitting, purchasing and installing the solar equipment, pay for connecting the site to the electricity grid, and sell the power to Green Mountain Power. In other words, it's the investor's project, made financially attractive in part by the federal and tax credits and accelerated depreciation available to them as owners of an energy generating asset.

Of course, all this won't just happen. Another player on the field is the developer, the entrepreneur that orchestrates all this. In this case the developer is Encore Redevelopment LLC, a highly respected and experienced Burlington-based renewable energy development company led by Chad Farrell and backed by well-known Vermont businessmen such as Jerry Greenfield, Jeffrey Hollender and Will Raap. Encore would secure the required development capital and manage the design and permitting processes to arrive at a shovel ready, financeable project. Encore would then work with its network of solar project finance entities to secure the best long-term owner for the project. The project investors/owners would be responsible for covering all project-related development and permitting fees. Encore has already looked at the project and believes that it can identify the necessary investors and that the project could be made to be financially attractive.

Here are some relevant numbers:

- Size of solar array 5 MW
- Annual power generation 5,900,000 kWh
- Number of avg. VT homes powered 1,000
- Annual land lease payment (estimated) \$100,000 (to VT)
- Gain in Strafford tax base (estimated) \$20,000
- Investor's estimated annual rate of return (unlevered) 8+%

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In short, this is a very attractive proposition all around. But what needs to happen for the project to become real?

- The two owners of the Elizabeth Mine site land need to agree to sell the portion of the site available for development by the array. One has already signed a letter of interest.
- GMEDC needs to agree to buy and hold the land. They have already signed one letter of interest.
- GMP needs to agree to run a new power line from Sharon to Strafford big enough to carry the power to the grid. (This may be the largest outstanding issue.) And GMP needs to agree to a power purchase agreement to buy the power.

What can Strafford and its citizens do to make the project happen?

- The Energy Committee is currently seeking advice and help from our legislators to shorten and firm up the timeline for bringing 3 phase power to Strafford. We need to let our legislators know they have our support for the project.
- Promote the project to friends and neighbors. The Energy Committee will be holding a public forum about this project in early 2014. Plan on attending and encourage others to do so as well.