

Strapped for cash

CVEC wants towns to kick in solar surcharge

By Rich Eldred

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It has reached age 8 but can the Cape and Vineyard Electric Cooperative make it to age 10?

The co-op is seeking an additional \$197,637 from local towns and entities, in the form of a one cent per kilowatt "adder" on round one solar projects by the end of the year or else it may cease to function.

"If we don't get a round one adder we have to focus on survival - because we are in survival mode," CVEC Special Projects Coordinator Liz Argo told the Brewster selectmen Monday night.

CVEC planned to have a lot more cash rolling in to fund its operations. While the round one projects had no adder and thus provided no funding for CVEC, the 54 round two projects, totaling 69 megawatts and unveiled in 2012, would generate one cent per kilowatt hour.

However, those round two projects began to drop by the wayside and in January 2014 the builder, Broadway Electric of Boston, folded, resulting in the loss of Brewster's planned 10-acre Commerce Park array. In the end only 12 megawatts of generating capacity was built, with the work completed in the summer of 2014.

"We are basically on our own," CVEC President John Checklick said. If all of the round two projects had gone forward, he said, "We would have been able to cover 100

percent of our expenses. With just under 12 megawatts, that's not sufficient revenue for the services we provide today."

The Cape Light Compact has covered CVEC's operating expenses the past three years, to the tune of some \$400,000 annually, but that deal is ending.

"CVEC has built three photovoltaic initiatives, totaling 28 megawatts of power," said Argo. "That's the largest block of solar power in New England. The cash-out of net-metering benefits for participating towns is over \$2.25 million and we're looking at future photovoltaic initiatives." (The co-op recently was awarded a \$1.5 million grant for an emergency battery back-up system at Dennis-Yarmouth Regional High School.)

CVEC's role has been to facilitate construction, draw up power-purchase agreements with the array operators and owners, handle legal expenses, pay producers for the power and distribute the resulting net-metering credits to the host towns and off-takers. The credits help offset town electrical costs; for example, Chatham will save \$664,000 over the next 20 years, according to the co-op.

"You need a central entity to authorize distribution," Argo argued. "If CVEC didn't exist you'd have to create something like it. CVEC is the towns. I am the only person making any money now and I'm not making a lot."

With only the round two

projects providing income (\$162,348) via the agreed-upon adder, CVEC will be \$190,000 short of covering its projected budget of \$352,815. So it wants the round one host towns and off-takers to also pay a one-cent per kilowatt "operational adder."

That adder would cost Brewster \$17,035 per year, mostly drawn from the power produced by the solar panels at the transfer station. The other round one solar projects that would be tapped are those located at the Chatham, Eastham, Harwich, Tisbury and Barnstable landfills and two projects in Edgartown. Other municipalities that are off-takers of excess solar power (Brewster is one, there are 13 others) are also being asked to add the one-cent adder to the excess.

"Without the adder on eight round one projects CVEC can't maintain the services it is providing," Argo said.

But the towns all have power-purchase agreements that don't include any adder.

Brewster Selectman John Dickson balked at the idea of paying more. "You don't have an adder for round one, [and] that was part of [the] agreement between CVEC and us, and you know it. As a participant in round one we were taking a greater risk. If the adder is added it would be more fair to add it to all the projects -- not just those in round one."

The other two selectmen present were also reluctant to commit Brewster to forfeiting \$17,035 a year, which would cut the town's solar income by 11.2 percent.



Legal expenses are the biggest part of CVEC's budget (42 percent).

"We've reduced legal costs substantially (from \$400,000 to \$180,000 a year)," Argo said. "It will be under \$150,000 this coming year. The adder would take effect in fiscal year 2017 (July 2016) and at the end of three years we'd take a look at what it brought in and see if we can reduce it."

But selectmen want to see more CVEC budget data from previous years.

Argo said that without the adder legal bills could swallow CVEC's entire budget, eliminating her position as well as funding for consultants (\$47,800), bookkeeping (\$15,000), audits (\$16,000) and insurance (\$14,000).