

Meeting of the Norwich Energy Committee Monday, 11/30/20, 7 pm, via Zoom

Attending: Linda Gray, Susan Hardy, Aaron Lamperti, Suzanne Leiter, Norm Levy, Charlie Lindner, Erich Rentz

Guests: Linda Cook, Rob Gere, Donovan McGregor Pam Smith, Doug Wilberding

Linda Gray gave the statement of Act 92 compliance. The 10/27 meeting minutes and the 11/30 agenda were approved by consensus.

Linda Gray reported that the e-bike conversion workshop was held via Zoom on Monday, 11/9, with 30+ attendees. CATV staff edited the original high-quality video with the workshop Q/A segments for a final workshop video that is now available on the NEC web site (necVT.org). The Norwich Public Library is still investigating whether this bike could be added to its collection for borrowing throughout the year; Linda will follow up. The bike is now stored at Norm Levy's.

Linda Gray reported that this year's Button Up campaign with Efficiency VT is almost over. The final webinar is on 12/2, which Linda publicized through a list serv post. Homeowners can sign up through December for virtual home energy visits, so Linda will continue posts on that.

Norm Levy reported on the Energy Saving Project with Vital Communities: a postcard has been sent to mobile home owners announcing the program and asking them to complete a survey about their energy needs, as well as a second mailing of the energy survey. Vital Communities has also printed posters and info brochures, which Norm will put around town. He will provide PDFs of the information pieces for Linda to add to the NEC web site.

Aaron Lamperti and Charlie Lindner reported that there has been no activity on Green Fleet issues.

Linda reported that she has drafted a summary for the Selectboard of the committee's recommendation for a town vote under 24 V.S.A. § 2741 re municipal taxes on solar equipment. The draft is **attached to these minutes**; committee members will email Linda with any proposed edits; if they are substantive, the draft will be finalized at the next meeting; if there are only minor edits, Linda will forward the summary to the Town Manager for an upcoming Selectboard meeting.

Discussion of "Electrify Everything" as a campaign and an umbrella theme for solarize and weatherize:

- so far, we have data on 25 Norwich homes going solar or adding more solar
- plan events to highlight the benefits of heat pumps, heat pump water heaters, and electric vehicles
- can we help develop (with local car dealers or rentals) an EV version of the e-bike loans?

[Norm will pursue; Susan Hardy will give him sales contacts with the local Chevy dealer; Linda will contact Drive Electric VT for feedback, leads]

- promote existing videos on EVs, heat pumps ...

<https://www.driveelectricvt.com/webinar-may2020>

<https://www.driveelectricvt.com/webinar-aug2020>

<https://vnrc.org/webinar-is-a-heat-pump-right-for-your-home/>

- highlight the synergy of making these changes together [Aaron will draft an outline – for a presentation, for a web page on resources]

There was consensus to continue the "Eat Low & Local" campaign if the farms involved are interested. Linda will follow up.

Linda described an initiative by Norman Miller for purchasing a small, long-vacant house at 296 Turnpike Road, and renovating it as a nature center, meeting house, and energy demonstration project. Norman is looking for a statement of support from the Energy Committee; there was consensus for Linda to get back to him with these three points: confirmation that the committee could (post-pandemic) use a meeting place several times each year for various outreach campaigns; committee members would volunteer to advise on good energy approaches for the building renovation once funding has been lined up; and we would ask to be kept up to date on progress on the project.

Other business, announcements: the online VECAN conference starts with an all-morning session on 12/5, and two lunch-hour sessions Monday 12/7 and Friday 12/11 (and a REV session on 12/9 morning) <https://vecan.net/conferences/13th-annual-vecan-conference-2020/>

There was no public comment/correspondence.

The next regular meeting will be Tuesday, December 22, 7 pm, via Zoom.

submitted by Linda Gray

TO Norwich Selectboard
FROM Norwich Energy Committee
Recommendation for Town Meeting 2021 vote on municipal taxation of solar

RECOMMENDATION

That the Selectboard begin consultation with town attorneys to draft language for an article on the Town Meeting 2021 warrant asking voters to provide general authority to the Selectboard to enter into contracts with developers of solar projects in Norwich, to set their municipal taxes as close to \$0 as possible.

BACKGROUND

This year, town Listers interpreted a tax exemption for solar installations, passed by a vote of the town in 2007, as applying only to on-site residential solar equipment. The Listers imposed taxes on the solar equipment of two solar arrays built in 2019 (150-kW and 500-kW).

This puts a tax burden on existing and potentially new community solar installations, which provide residents a practical and affordable off-site option for home solar, as well as providing local solar power for our commercial and municipal users.

It also undermines the objectives of the Town Plan's energy section, to shift the town's energy use to renewable sources, and to increase the amount of renewable energy produced in the town.

Preliminary communications with attorney Robert Fletcher confirm that a mechanism for the Town to implement a no-tax policy for local solar equipment is for the town to enter into a contract to stabilize any solar installation's taxes pursuant to 24 V.S.A. § 2741.

We recommend a prudent and transparent process to carefully draft a warrant article removing tax disincentives for these medium-sized and efficient solar projects that benefit many Norwich residences and also supply clean, local electricity to the public and private sectors.

TOWN OPTIONS ON TAXING SOLAR EQUIPMENT

The Vermont Department of Taxes outlines three situations in which solar equipment is not subject to municipal taxes:

<https://tax.vermont.gov/municipal-officials/solar-valuation>

Municipal property tax is imposed on a solar plant unless one of the following applies:

- The solar plant has a plant capacity less than 50 kW and is either (a) operated on a net-metered system or (b) not connected to the electric grid and only provides power on the property on which it is located; or
- The municipality has voted to exempt the plant pursuant to 32 V.S.A. § 3845; or
- The municipality has entered into a contract to stabilize the property's taxes pursuant to 24 V.S.A. § 2741.

The first is based on the specifics of size and utility interconnection; the other two are mechanisms through which a Town can choose to NOT tax solar equipment.

Norwich acted on option #2 and voted an exemption under 32 VSA 3845 in 2007. The Listers are now interpreting this exemption as applying only to residential solar installations, and have imposed taxes on the solar equipment of two solar arrays built in 2019 (150-kW and 500-kW).

To implement a policy of not taxing ALL solar equipment, both residential and commercial/community, it appears that the Town needs to also pursue option #3: a vote to provide authority for tax-stabilization contracts for solar projects, under 24 VSA 2741. [The text of the statute is at the end of this memo.]

WHY CHOOSE TO NOT TAX RESIDENTIAL AND BUSINESS COMMUNITY SOLAR ARRAYS?

1) Support solar in Norwich

The central reason to pursue a no-tax policy for solar in Norwich is to be as supportive as possible to solar development. Town authority to enter into tax contracts for solar projects will ensure that the no-tax policy that the Town approved in 2007 is implemented comprehensively.

Among the clean-electricity technologies of wind, hydro, and solar, solar is the most suitable for development in town. One of the five Objectives in the Energy Chapter of the Town Plan is to “shift energy use in Norwich from non-renewable to renewable sources.” Another explicitly supports in-town projects: “Increase the amount of renewable energy being produced in Norwich in a manner that is consistent with the goals, objectives and policies of this plan.”

2) Cost to the Town is Minimal

The cost to the Town of a no-tax for solar policy would be small, because the potential yearly solar tax amounts are a very small percentage of the Town’s total. The tax calculation follows a formula set by the state, at about 5% of the assessed value of the equipment. For the 150-kW array, it’s \$766/year; for the 500-kW array, \$2600/year. Over the life of the projects, the impact is $\$766 \times 20 \text{ yrs} = \$15,000$, or $\$2600 \times 20 \text{ years} = \$52,000$.

The solar tax revenue (for these two projects) in one year totals to about \$3,366, or less than .1% (point-1 %) of the Town’s annual property tax revenue of about \$3.5 million.

The long-term impact of a no-tax policy for solar is similarly minimal to the Town. Each additional 500-kW solar project like this would add less than 0.1% additional tax revenue. The contribution from solar taxes – which the Town would forgo under a no-tax policy – from ten additional systems would be <1% of total Town revenue. *

3) This is policy the Town can control

A municipal tax on solar equipment plays a bigger role in the budget of a solar project than it does in the Town budget. While federal and state policies on solar and net-metering incentives have a much greater impact on the budget of a solar project, the Town can’t control those policy levers and should take action where it can.

4) Parity with other solar arrays in Town

There is a significant parity issue for community solar. Both the Town’s exemption vote in 2007 and later state law provide for no municipal property tax on small, residential-size solar arrays. But solar arrays that cluster together multiple households that can’t install solar on their own property (ex.: a

shaded site, a rental house) will be treated differently by the Listers unless a no-tax policy is also applied to larger solar projects.

Half of the 150-kW array is owned by 16 local households as “community solar,” and half provides clean electricity through a power purchase agreement to the Norwich Fire District and the Town of Fairlee. <http://www.greenenergytimes.org/2019/09/24/the-norwich-union-village-solar/>
The 500-kW array also provides clean electricity through a power purchase agreement, to Norwich-based King Arthur Flour. More such projects should be encouraged, for both residents and businesses.

* 20-year Tax impact Calculation:

Ten 500-kW projects taxed at about \$2600/year for 20 years yields total tax revenue of \$520,000.

A static calculation of total Town tax revenue over 20 years (ie, using FY21 revenue without allowing for growth) is \$3.5 million x 20 years = \$70 million.

$\$520,000 / \$70,000,000 = .007 = .7\%$

§ 2741. Municipal corporations; property values fixed by contract

(a) A municipal corporation, as hereinafter provided, may enter into a contract with owners, lessees, bailees, or operators of agricultural, forestland, open space land, industrial or commercial real and personal property, and alternate-energy generating plants for the purpose of:

- (1) fixing and maintaining the valuation of such property in the grand list;
 - (2) fixing and maintaining the rate or rates of tax applicable to such property;
 - (3) fixing the amount in money which shall be paid as an annual tax upon such property;
- or
- (4) fixing the tax applicable to such property at a percentage of the annual tax.

(b) A municipal corporation, by vote of a majority of those present and voting at an annual or special meeting warned for that purpose for a contract relating to agricultural or forest property, open space land, or to alternate-energy generating plants, or by a vote of two-thirds of those present and voting at annual or special meeting warned for that purpose for a contract relating to commercial or industrial property, may either:

- (1) provide general authority to its legislative branch to enter into such contracts as application is made; or
- (2) provide limited authority to its legislative branch to negotiate contracts, which shall be effective upon ratification by a majority of those present and voting at an annual or special meeting warned for that purpose.

(c) Any contract entered into pursuant to this section:

- (1) shall not be for a period in excess of ten years except for a contract to stabilize taxes for an alternate-energy generating plant, in which case the term shall not exceed the term of any license, permit, or other approval required to operate such a plant;
- (2) shall be filed with the clerk of the municipal corporation and shall be available for public inspection;
- (3) may be with existing or new owners, lessees, bailees, or operators of such property, or with persons who intend to become owners, lessees, bailees, or operators of such property; and
- (4) may be applicable to existing agricultural or forest property or open space land; renovations of or additions to existing agricultural, commercial, or industrial property, or open space land; or to new agricultural, forest, commercial, or industrial property, or open space land.

(d) For purposes of this section:

- (1) "Renewable energy source" means any inexhaustible, continuous, or readily replaceable supply of energy, including solar, wind, hydroelectric, and geothermal. "Renewable energy source" does not mean any biomass, fossil, or mineral supply of energy, including wood, organic waste, oil, coal, or uranium.
- (2) "Alternate-energy generating plant" means real and personal property that is built at an existing or new site after July 1, 1980, including any equipment, structure, or facility,

used for or directly related to the generation or production of electricity from renewable energy sources with a nameplate capacity of not more than 25 million watts.

(3) "Farmland" means real estate, exclusive of any housesite, which is actively and exclusively devoted to farming and is operated or leased as a farm enterprise by the owner.

(4) "Forestland" means any land, exclusive of any housesite, which is under active forest management for the purpose of growing and harvesting repeated forest crops.

(5) "Housesite" means the two acres of land surrounding any house, mobile home, or dwelling.

(6) "Open space land" means any land, exclusive of any housesite, that does not fall under the definition of "farmland" and "forestland," is not used for commercial or industrial purposes, and does not have structures thereon. (Amended 1961, No. 16; 1967, No. 359 (Adj. Sess.), eff. March 26, 1968; 1969, No. 16, § 6, eff. March 11, 1969; 1973, No. 183 (Adj. Sess.), § 1, eff. March 30, 1974; 1977, No. 105, § 26; 1979, No. 170 (Adj. Sess.), § 1; 1993, No. 104, §§ 1-4, eff. June 21, 1993.)