

Dear Cornwall Selectboard members,

My name is Ian Phair, and I have been a resident of Cornwall since moving to Vermont in 2014. I have a business background investing in and managing energy projects, and I am particularly interested in helping folks convert to solar power in a financially beneficial manner.

I should also share with you at the outset that Tanya Byker is my wife and Ben Marks has provided legal counsel for a number of my business activities (including solar business activities). [Note: if the information herein is unclear or confusing, it is my own fault...I can blame neither Tanya nor Ben...they have not reviewed this beforehand]

Please find below a summary proposal for your consideration.

- I. We propose to enter into a long-term lease with the Town of Cornwall (“you”) to facilitate the permitting, installation and operation of a ~15kWh AC (note 1) ground-mount (or roof-mount, if you prefer) solar array on your property (see attached aerial photo showing a possible location). If you desire, we could discuss installing additional panels.
- II. This solar project would be paid for and owned by us. There would be no cost to you.
- III. We would enter into an agreement whereby you would purchase the power produced (note 2) at a 5% discount (note 3). Effectively, this would reduce your power bill by 5% for the power produced by the solar array.
- IV. You would have the option, but not the obligation, to buy the solar project from us in the future (note 4) for \$55,000 (assuming a 15kWH project as described above). If you exercised the buy-out option, we estimate the internal rate of return to you on this investment would be 8% and payback in year 12 after the buy-out (see attached Estimated Cash Projection). This option could be attractive if owning the solar project is important to you.

If you have an interest in “going solar”, achieving energy savings, not spending any money on a solar project yourself at this time (but preserving the right to buy the solar project in the future), we believe this could be an attractive offer for you.

We would welcome the opportunity to discuss this potential arrangement with you in greater detail and to learn more about your specific needs and goals regarding a conversion to solar. I will plan to reach out to you soon to see if there is a good time to talk.

Kind regards,

Ian Phair, Manager of Vermont Solar Fund LLC

[see reverse side for Notes]

Notes

1. There are two primary components of a solar project, i) solar panels and ii) inverters; solar panels produce DC power which is inverted to AC power (which is the type of power we all use in our homes, businesses, etc.); the size of a solar project is typically described as the nameplate rating (or capacity) of its inverters.
2. This solar project would be a net-metering project. According to Green Mountain Power “net metering is the term used to describe how Vermonters can generate their own electricity and send what they don’t use back onto the grid. If a net metered customer uses more electricity than is generated, the customer will pay the utility the difference. If the system generates more electricity than the customer used in a month, Green Mountain Power records a credit towards the customer’s next bill.” The town would pay us 95% of the value of the power (or credits) produced and applied to your GMP account. For example, if the solar project produced \$500 worth of power for a month then you would pay us \$475, thus saving \$25 (or 5%).
3. Historically, it has been possible to purchase net-meter credits for a 5% to 10% discount; however, as solar incentives (both tax credits and other attributes such as “adders”) continue to be reduced, the discounts offered by solar developers are also changing. Nonetheless, it may be possible you could find another solar developer who would offer a larger discount than the 5% we are offering.
4. As a solar developer, we are in this business (in part, at least) to make money. We make money by investing \$s upfront to develop a project and then receiving money/value in excess of our investment over time from i) tax credits and ii) revenue from the sale of power/net-meter credits (or possibly the sale of the solar project). So as to legitimately capture/earn the tax credits, we would need to own the solar project for 5 years before selling it (if the IRS changes this requirement we’d be willing to sell the project to you sooner if you desired).

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Cornwall Park and Ride

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Cornwall Town Hall

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Google

ESTIMATED CASH PROJECTION

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Scenario: Town BuyOut in Yr6																	
Inflation	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198
Blended Residential Rate	0.16413	0.16738	0.17070	0.17408	0.17752	0.18104	0.18462	0.18828	0.19201	0.19581	0.19969	0.20364	0.20768	0.21179	0.21598	0.22026	0.22462
5% Discount (before BuyOut)	\$ (0.008)	\$ (0.008)	\$ (0.009)	\$ (0.009)	\$ (0.009)												
Total Price	\$ 0.156	\$ 0.159	\$ 0.162	\$ 0.165	\$ 0.169	\$ 0.181	\$ 0.185	\$ 0.188	\$ 0.192	\$ 0.196	\$ 0.200	\$ 0.204	\$ 0.208	\$ 0.212	\$ 0.216	\$ 0.220	\$ 0.225
Degradation Production(kWh)	25,000	24,875	24,751	24,627	24,504	24,381	24,259	24,138	24,017	23,897	23,778	23,659	23,541	23,423	23,306	23,189	23,073
Project Revenue	\$ 3,898	\$ 3,955	\$ 4,014	\$ 4,073	\$ 4,132	\$ 4,191	\$ 4,250	\$ 4,309	\$ 4,368	\$ 4,427	\$ 4,486	\$ 4,545	\$ 4,604	\$ 4,663	\$ 4,722	\$ 4,781	\$ 4,840

Replace inverters Yr 20

5% Savings to Town Before BuyOut \$ 205 \$ 208 \$ 211 \$ 214 \$ 217

Cashflow to Town Post-BuyOut \$ (55,000) \$ 4,414 \$ 4,479 \$ 4,545 \$ 4,612 \$ 4,679 \$ 4,748 \$ 4,818 \$ 4,889 \$ 4,961 \$ 5,034 \$ 5,108 \$ 5,183

Cumulative Cashflow from BuyOut (55,000) (50,586) (46,107) (41,562) (36,951) (32,272) (27,523) (22,705) (17,817) (12,856) (7,822) (2,715) 2,468

IRR of BuyOut 8.0%

ESTIMATED CASH PROJECTION

Year	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056
Scenario: <i>Town BuyOut in Yr6</i>	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
Inflation	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198
Blended Residential Rate	0.22907	0.23361	0.23823	0.24295	0.24776	0.25267	0.25767	0.26278	0.26798	0.27329	0.27870	0.28422	0.28985	0.29559	0.30144	0.30741	0.31350	0.31971
5% Discount (before BuyOut)	\$ 0.229	\$ 0.234	\$ 0.238	\$ 0.243	\$ 0.248	\$ 0.253	\$ 0.258	\$ 0.263	\$ 0.268	\$ 0.273	\$ 0.279	\$ 0.284	\$ 0.290	\$ 0.296	\$ 0.301	\$ 0.307	\$ 0.314	\$ 0.320
Degradation	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Production(kWh)	22,958	22,843	22,729	22,615	22,502	22,390	22,278	22,166	22,056	21,945	21,836	21,726	21,618	21,510	21,402	21,295	21,189	21,083
Project Revenue	\$ 5,259	\$ 5,336	\$ 5,415	\$ 5,494	\$ 5,575	\$ 5,657	\$ 5,740	\$ 5,825	\$ 5,910	\$ 5,997	\$ 6,086	\$ 6,175	\$ 6,266	\$ 6,358	\$ 6,451	\$ 6,546	\$ 6,643	\$ 6,740
Replace inverters Yr 20																		
5% Savings to Town Before BuyOut																		
Cashflow to Town Post-BuyOut	\$ 5,259	\$ 5,336	\$ (1,843)	\$ 5,494	\$ 5,575	\$ 5,657	\$ 5,740	\$ 5,825	\$ 5,910	\$ 5,997	\$ 6,086	\$ 6,175	\$ 6,266	\$ 6,358	\$ 6,451	\$ 6,546	\$ 6,643	\$ 6,740
Cumulative Cashflow from BuyOut	7,727	13,064	11,221	16,715	22,291	27,948	33,688	39,513	45,423	51,421	57,506	63,681	69,947	76,305	82,757	89,303	95,946	102,686
IRR of BuyOut	8.0%																	