

# FY 2027 Energy Capital Reserve Request

On November 19, 2025 the Energy Committee appeared before the Budget Committee to request an allocation of \$150,000 for the Energy Projects Capital Reserve Fund for fiscal year (FY) 2027. This memo presents key information supporting our request.

## Key Factors Driving the Energy Committee's Request:

- At the 2018 Town Meeting, New London voters adopted a goal to achieve 100% renewable municipal electricity by the year 2030. Meeting our 2030 goal will require both immediate and longer-term funding. As shown in Table 1 on the next page, we have now attained 44.5% of our renewable electricity goal.
- The requested \$150,000, when added to the existing Capital Reserve Fund balance of \$100,000, will provide a total of \$250,000 for the construction of a new solar array in FY 2027. If we postpone construction for a year, we can request an additional \$150,000 for FY 2028, making a total of \$400,000 available.
- The Energy Committee recommends the Stump Dump as a top priority. In 2024, the Board of Selectmen approved a solar project at the Stump Dump, and now that the Fire Station solar array is operational, the Stump Dump is once again the most promising site. At an estimated cost of \$381,000, it can contribute 23% of the Town's renewable electricity needs, bringing us to 67.5% of our 2030 goal.
- The Town needs to move quickly to preserve its eligibility for the federal 30% Investment Tax Credit (ITC) for one or more solar projects. If the Town signs a contract with a solar vendor by July 4, 2026, construction can be completed anytime within four years of signing a contract. But if the Town fails to meet the July 4th deadline, construction must be completed by December 31, 2027.
- Furthermore, the Town will be subject to increasingly costly Foreign Entity of Concern (FEOC) requirements unless we sign all contracts by December 31, 2026. Waiting until 2027 to sign a contract means every project will cost more.
- With an infusion of \$150,000, the Capital Reserve will contain sufficient funds to put down a deposit on any or all of the three projects listed in Table 2.
- The proposed solar arrays will generate a return on investment (ROI) of up to 9.3% per year. Acting with urgency to preserve ITC eligibility will maximize the ROI while simultaneously moving towards achievement of our 2030 goal.

*Table 1. Existing municipal solar projects*

<b>Location</b>	<b>Cost</b>	<b>Size</b>	<b>Percentage of Renewable Energy (RE) Goal</b>
Sewer Dept.	\$0 (investor-owned)	150 kW	27.0%
Highway Dept.	\$0 (investor-owned)	70 kW	13.0%
Fire Station	\$65,000	24 kW	4.5%
<b>TOTAL EXISTING</b>	<b>\$65,000</b>	<b>244 kW</b>	<b>44.5%</b>

*Table 2. Proposed municipal solar projects*

<b>Location</b>	<b>Cost</b>	<b>Size</b>	<b>Percentage of RE Goal</b>	<b>Estimated Return on Investment (ROI)</b>
Stump Dump	\$381,000 (proposed for FY 2027 & 28)	127 kW	23.0%	9.3% with ITC 6.5% without ITC
Public Works Department	\$156,000 (proposed for FY 2029)	52 kW	9.5%	9.3% with ITC 6.5% without ITC
Mountain Road Landfill	\$381,000 (proposed for FY 2030)	127 kW	23.0%	9.3% with ITC 6.5% without ITC
<b>TOTAL PROPOSED</b>	<b>\$918,000</b>	<b>306 kW</b>	<b>55.5%</b>	

*Table 3. Effect of the 30% Federal Investment Tax Credit*

TOTAL of Tables 1 & 2	\$983,000	550 kW	100.0%	
Less 30% ITC	-\$294,900			
<b>NET COST</b>	<b>\$688,100</b>			

# Addendum

## Stump Dump Solar: Required Due Diligence

The Town will need to perform the following tasks to vet the Stump Dump site, prior to negotiating with a vendor.

1. Obtain a survey of the property.
2. Determine the lot line setback requirements, or agree to waive those requirements in order to site the solar array as close as possible to the abutting properties and minimize the impact on existing Stump Dump operations.
3. Obtain an official wetland delineation from New Hampshire DES.
4. Consult with NHDES and/or Town officials to determine whether any toxic materials or groundwater contamination are present as a result of prior uses of the property. If it is not permissible to sink ground screw anchors to a depth of 7 feet below grade, a more expensive surface anchoring system may be required.
5. Consult with Eversource and the Town's electrician to determine the best method for bringing power onto the property and installing 600-amp electrical service at the existing rustic shed. If the Eversource grid is unable to accommodate 600-amp service, it will be necessary to downsize to 400-amp service, and downsize the solar array proportionately.

## Review of Capital Reserve Funding History

The Energy Projects Capital Reserve was established in FY 2020 with an annual appropriation of \$30,000. This sum was agreed upon mutually by the Energy Committee, Budget Committee and Board of Selectmen, and approved by voters at the 2019 Town Meeting. After four years of level funding from FY 2020 through FY 2023, the FY 2024 appropriation was reduced by half to \$15,000, and in FY 2025, there was no contribution at all. For FY 2026 the annual contribution was restored to \$30,000. While seven years of level funding would have achieved a balance of \$210,000, the budget cuts of FY 2024 and FY 2025 caused a shortfall of \$45,000 and resulted in a balance of only \$165,000. Following the withdrawal of \$65,000 for the Fire Station solar array (see Table 1 above), the balance in the Capital Reserve currently stands at approximately \$100,000.

## Meeting Our Renewable Energy Goals

Town of New London facilities collectively consume more than 600,000 kilowatt-hours (kWh) annually. At the 2018 Town Meeting, New London voters adopted a set of goals including achieving 100% renewable municipal electricity by the year 2030. So far, the Energy Committee has overseen the installation of 244 kilowatts (kW) of municipal solar

panels - including 150 kW behind the Sewer Department, 70 kW on the Highway Garage roof, and most recently, 24 kW on the Fire Station roof – getting us approximately 45% of the way to our 2030 goal. We estimate that an additional 306 kW of panels will be required to attain 100% renewable electricity for Town facilities. At an installed cost of \$3 per watt - or \$3,000 per kilowatt - this expansion will require an additional investment of \$918,000. It should be noted here that electric usage is assumed to remain constant for the years 2026 through 2030. Beginning in 2030, when we start to work toward the Town Meeting-approved goals for renewable heating and transportation fuels, the phase-out of propane, diesel, gasoline and fuel oil will necessitate increases in electric usage.

## Future of the Investor-Owned Solar Arrays

The solar arrays installed in 2020 at the Sewer and Highway Departments, owned by third-party investors, were originally envisioned as ‘revenue-neutral’ or break-even projects for the Town. However, due to rising electric rates, the Town is now earning a profit of approximately two cents on every kilowatt-hour we export to the Eversource grid. New London taxpayers can achieve even greater savings if the Town buys out the investors and owns the solar arrays outright. Annual payments to the investors are currently \$28,000 per year and are subject to an escalator clause, meaning they will soon top \$30,000. Buying out the investors will not only eliminate these annual payments, but it will also entitle the Town to collect \$6,000 to \$8,000 per year from the sale of Renewable Energy Certificates (RECs) - leading to total savings of \$34,000 to \$38,000 per year. The buyout price is estimated to be \$330,000. This would be an attractive investment. However, purchasing these arrays will not move us closer to our 2030 renewable energy goal; in fact it will set us back financially if the projects listed in Table 2 are delayed, causing them to lose their eligibility for the 30% ITC.

## Future Financial Commitments to Meet Our 2030 Goal

Considering the rising construction costs and shrinking federal incentives cited above, it is in the Town’s best interest to accelerate the deployment of municipal solar. A \$150,000 annual contribution to the Energy Projects Capital Reserve Fund for the next five or six years – or, alternatively, the passage of a ‘Sustainability Bond’ to raise the necessary funds – will enable the Town to stay on track to meet our 2030 goal. This is our recommendation.

Submitted by Robin Rainie-Lobacz, Viggo Fish, Meredith Smith and Jamie Hess  
for the New London Energy Committee