

Jim Nourse called the meeting to order at 6:00 pm. Meeting was in person, along with access via Zoom.

1. **Members present:** Jim Nourse, Mark Bolinger, Richard Trefren, David Kahn
2. **Approved minutes** from June 12, 2023 meeting (Richard moved, Mark seconded, unanimous vote).
3. **Update on library solar project.** Catamount intends to begin installation at the library on or about September 5.
4. **Discussion of accessing Inflation Reduction Act “direct pay.”** Attached (starting on the next page) find Mark’s PowerPoint presentation. Committee discussed the Select Board’s hesitancy to pursue splitting the donations between two projects and applying for IRA funds for each. David represented the Select Board’s reasons and their unwillingness to reconsider. The Committee agreed that there was no further action to be taken on this.
5. **Adjournment:** The meeting was adjourned at 6:38 pm. David moved, Richard seconded, unanimous vote.

Next meeting: September 11

Respectfully submitted,  
Jim Nourse, Chair

### Just the facts, Ma'am

- 1) A single generous donor committed \$50,000 toward putting PV on the fire station roof, IF we could raise the remainder from other Lyme residents
- 2) Other generous Lyme residents stepped up and contributed another \$45,800, bringing the total fire station solar donations to \$95,800
  - A. These \$95,800 are considered to be “designated” or “restricted” funds, meaning they can only be used for the original intended purpose (to put PV on the fire station)—if we want to spend the money on something else, then we need to first get written permission from the donors to recharacterize the restriction
  - B. The donors were eligible to take a tax deduction on the amount of their donation
  - C. Hence, the \$95,800 can be considered a “Restricted Tax-Exempt Amount” (“Restricted” per A, and “Tax-Exempt” per B)
- 3) Unfortunately, we had to abandon the fire station project due to RFI concerns
- 4) Fortunately, we found an alternative location at the Converse Free Library
  - A. Jim wrote all of the donors to ask if we could redirect their donations towards the library project—I believe they all said “yes”
  - B. Once we learned that the library project would only cost ~\$66k, Jim wrote all of the donors a second time to ask if we could use the leftover funding for other purposes—I believe most or all said “yes” (Jim?)
  - C. In other words, we’ve already recharacterized the restriction on the donations *TWICE*

1

### Guidance on “direct pay” (claiming the investment tax credit as a cash grant)

- A. In June 2023, the U.S. Treasury released draft guidance on the implementation of the “direct pay” program established under the Inflation Reduction Act. This is the program that we have been counting on to pay 30% of the cost of the project as a cash grant, in lieu of the 30% investment tax credit that Lyme (as a tax-exempt municipality) is not able to use.
- B. Among many other things, this Treasury guidance states that if a tax-exempt entity (like Lyme) uses “restricted tax-exempt funds” to pay for a PV system, then the sum of that “restricted tax-exempt amount” and the “direct pay” grant cannot exceed the total cost of the PV system.
- C. Since we have raised \$95,800 of restricted tax-exempt funds but the library PV system will only cost \$66,600, we can fully cover the cost of the system using restricted tax-exempt funds, which means that we **will NOT be able to claim any “direct pay” grant**
  - A. This would leave us with \$29,200 (\$95.8k-\$66.6k) of remaining “restricted tax-exempt funds” to use for another purpose (with the remaining restriction being that it must be spent on Energy Committee projects)
- D. **BUT what if we could recharacterize the donations a third time—e.g., asking those who donated the \$45,800 to use their donations solely for the library project and asking the single \$50,000 donor to use his donation for some other PV project?**
  - A. We would then have 2 restricted funds: one that would allow us to capture the 30% grant on the library project, and a second that would potentially allow us to capture the 30% grant on a second project

2

### How splitting the single restricted fund into two would work

#### Library fund = \$45,800 of restricted tax-exempt funds (restricted to the library project)

- A. Library PV project costs \$66,600, paid for by the \$45,800 library fund plus a \$4,000 rebate from the NH PUC (we have applied) plus a “direct pay” grant of \$16,800 (25%\*\$66.6k)
- B. If we don’t get the NH PUC rebate, the “direct pay” grant can go as high as \$19,980 (30% of \$66.6k) and we would need to find the remaining \$820 elsewhere

#### Second project fund = \$50,000 of restricted tax-exempt funds (restricted to a second project)

- A. Since this “Second project fund” is \$4.2k larger than the “Library fund,” we should be able to do a second PV project (or other project) that is of similar magnitude (and cost) to the library project—once again, using the \$50k fund balance as the “restricted tax-exempt amount” and augmenting that with a “direct pay” grant of up to 30% of project costs
- B. In other words, we could do a second project that costs up to \$71,420: 30% of \$71,420 = \$21,420, and \$50,000 + \$21,420 = \$71,420

**IMPORTANT:** Each project would require ~\$20k of short-term “bridge financing” to pay the contractor in full prior to receipt of the “direct pay” grant from the Feds—*WHERE TO FIND THIS?*

3

### How might we use the “Second project fund”?

**Certainly up for discussion...but one potential opportunity is to “repower” the PV system on the roof of the Lyme school.**

- A. 13 kW<sub>AC</sub> system donated ~15 years ago, whose inverter appears to have failed (no buzz)
- B. This PV system is compensated via the original net metering tariff through 2040—this original tariff is more lucrative than the current revised tariff
- C. Per the net metering regs, this system could be expanded up to 33 kW<sub>AC</sub>, with the full expansion also grandfathered onto the original net metering tariff through 2040
- D. One possibility is to remove the existing system and inverter, and replace it with a new system (of up to 33 kW<sub>AC</sub>)
- E. \$71,240 would likely NOT get us all the way to 33 kW<sub>AC</sub>, but it would presumably get us to at least 20 kW<sub>AC</sub> (same as the library), and perhaps the school or Town (or more donors) would be willing to chip in the rest to get us up to 33 kW<sub>AC</sub>?

**Alternatively, there may be other/better uses for the \$50,000 “Second project fund”—still TBD**

4

## How might we proceed?

Presuming the Town allows us to proceed along these lines:

- A. Jim writes the donors for a third time, to initiate the recharacterizing of the restriction**
  - 1) To the \$45,800 donors: "Per your previous consent granted on **INSERT DATE**, we are writing to confirm that your donation of **\$XXX** will be used solely to install PV on the Converse Free Library."
    - *Or maybe this step isn't even necessary, since these donors have previously already approved the library PV system as the intended use?*
  - 2) To the single \$50,000 donor: "In the time that has passed since you so generously donated \$50,000 on **INSERT DATE**, a second interesting opportunity has come to our attention, and we are now writing to ask if we can recharacterize the use of your funds for this second project, rather than for the library PV system."
- B. We figure out how to secure the ~\$20k of short-term bridge financing that would be required for each project**
- C. We'll need to move fast, as the library project is scheduled for installation starting on 9/5**
- D. Mark's going to be away on vacation from 8/23-9/3**