

Town of Windham, Maine Solar Array Reserve Policy

Purpose:

The purpose of this policy is to establish a process defining the allowable conditions in which the Solar Array Reserve can be utilized. This policy shall also establish the funding mechanisms of the reserve.

Background and Considerations:

On October 28, 2019, the Town entered into a Power Purchase Agreement (PPA) with Revision Energy with the goal of reducing electricity costs. This agreement allowed Revision to install a large-scale solar array consisting of 1,344 solar panels at the Town owned parcel at 1 Enterprise Drive, Windham, ME. All solar array equipment was installed at no upfront cost to the Town and in exchange, the Town agreed to purchase all solar credits generated by this array at a reduced rate compared to the cost of electricity. The PPA contained a clause that allowed a buyout to be executed after reaching the sixth year of the agreement for the fair market value of the solar array at that point in time. After conducting a cost-benefit analysis of the buyout option, it was determined that the Town would save a significant amount of money by financing the buyout with a bond. The buyout was approved by the taxpayers at the Town Meeting on June 14, 2025 and subsequently executed on January 8, 2026. Ownership of the solar array requires that the Town plan for all associated maintenance costs, but it also entitles the town to an additional revenue stream through the sale of Renewable Energy Certificates (RECs).

Definitions and Classifications:

The following terms are useful for providing a more in-depth understanding of the parts and history of the solar array:

1. *Renewable Energy Certificates (RECs)* – A market-based instrument that represents the property rights to the environmental, social, and other non-power attributes of renewable electricity generation. One REC is generated when one megawatt-hour (MWh) of electricity is generated and delivered to the electricity grid from a renewable energy resource. While RECs serve no purpose for the Town beyond monetization, they are used by other organizations to hit sustainable energy compliance metrics or as proof of corporate commitment to sustainable energy sourcing.
2. *Power Purchase Agreement (PPA)* – A long-term contract where a company (seller) installs and owns electricity-generating equipment on a property owned by the buyer. The buyer agrees to purchase electricity generated by this system for the length of the contract at negotiated fixed rates that are generally lower than the standard cost of electricity through the utility company.

Policy:

It is the policy of the Town of Windham to fund the Solar Array Reserve through the monetization of RECs. If revenue generated through REC sales is not sufficient on its own to cover all repair and maintenance expenses, additional funds may be allocated through the Town’s budget process. The Solar Array Reserve can only be utilized if there are pre-existing funds within the account (Add account number when created).

Acceptable Uses of Reserves:

The Solar Array Reserve should only be used to pay for repairs, replacement, and maintenance necessary to keep the array in peak operating condition. A yearly recurring Operations and Maintenance (O&M) service agreement, including periodic monitoring to diagnose any problems that could affect production, is also an acceptable use of reserve funds. Weekly monitoring is the recommended term within the O&M agreement, provided it is cost-effective to do so. This term will more proactively detect issues affecting production, which will lead to reduced solar credit generation losses resulting from delayed detection on a monthly (or longer) monitoring term.

Once the existing solar array reaches the end of its lifespan, any remaining funds left in the reserve may be allocated towards disposal costs or the replacement of the system with a new array.

Authority to Use Reserves:

The Town Manager may authorize the use of reserves for purposes consistent with this policy. This authorization does not exempt any requirements of the Municipal Purchasing Policy, which must be followed for all purchases.

Policy Administration:

The Town Manager, in conjunction with the Finance Director, shall periodically review this policy. The Finance Director shall report whether any considerations have been identified that would impact the usage of this reserve.

Approved April 14, 2026 by Council Order 26-045.