

At the May 3 Annual Town Meeting, Truro voters overwhelmingly approved installing a solar field at the Town landfill and authorized the appropriation of \$5 million to fund “engineering services, construction, decarbonization, and project management related to solar electricity facilities on Town property.” The initial plan proposed by the Truro Energy Committee and approved by the Select Board included applying for a federal Investment Tax Credit (ITC), which would reduce costs by 40%. As became clear at the July 22 Select Board meeting, the Town would have to act immediately to capture the ITC and save a huge \$1.71 million of the current \$4.28 million price tag.

Immediate action is essential because the Congressional bill signed into law on July 4 curtails and eventually phases out the Investment Tax Credit, as originally offered for solar projects by the 2022 Inflation Reduction Act (IRA). Solar projects are eligible to receive a credit of 30% for eligible installation costs, with an added 10% bonus credit when the applicant is an “[Energy Community](#).” The IRS requires ITC applicants to demonstrate eligibility by showing that a project has actually begun construction or meets the “5% safe harbor,” meaning that applicants have spent 5% of the cost of essential materials.<sup>1</sup>

However, there are at least two complicating factors. The first is that the July 4 bill provides only a 60-day window for a municipality to demonstrate eligibility for the ITC. This means that August 30 is the firm deadline.

A less defined complicating factor is an [Executive Order](#) signed by the President on July 7. In the Order, the President instructs the Secretary of the Treasury to take all action within 45 days “to strictly enforce the termination of the clean electricity production and investment tax credits under sections 45Y and 48E of the Internal Revenue Code for wind and solar facilities.” The Secretary must provide new guidance defining “beginning of construction” and “restricting the use of broad safe harbors unless a substantial portion of a subject facility has been built.” By August 21, the Secretary will deliver these new guidelines, which could well be stricter than ever.

Before the Treasury Secretary’s determination, Truro can still make substantial progress towards establishing eligibility for the ITC within the 60-day limit. The Town is actually in a strong position, thanks to its membership in [PowerOptions](#), the largest energy procurement consortium in New England. PowerOptions works with nonprofits and municipalities “to secure low competitive energy prices and supply contracts with the strongest customer protections in the industry.” Sparing individual towns the time and cost of sending out their own Request for Proposal (RFP), PowerOptions leverages its 500 members’ collective buying power to select energy companies, negotiates pricing structure, contract terms and conditions—which can be tailored to the Town’s specific requirements.<sup>2</sup> On its members’ behalf, PowerOptions selected and negotiated initial terms with the New England based [Solect Energy](#). At the July 22 Select Board meeting, Walter Gray of PowerOptions and Allen Giles of Solect

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<sup>1</sup> See “What does safe harboring mean for the solar industry?” at [Solar Power World Online](#).

<sup>2</sup> Truro staff did post the Town’s own RFP for the solar field, but no qualified bidder applied. A second individual RFP would likely not produce any better results, and time is very short.

Energy explained their roles in procuring materials and installing the solar field, both emphasizing the need to act now to secure safe harbor for the project.<sup>3</sup>

Indeed, with excellent foresight, management at Solect Energy started buying solar panels from South Korea for their clients. Crucially, when Truro becomes a client, Solect would allocate panels to Truro's project, putting the Town over the 5% safe harbor cost. Considering that many municipalities will be trying to beat the 60-day deadline, there will undoubtedly be a run on solar panels and other equipment, so securing them now is essential.

The Town must now move forward with its commitment by signing a revised Letter of Intent (LOI) with Solect Energy, negotiating and signing Agreements, and making two milestone payments by the last full work day of the month, August 28.

At the July 22 Select Board meeting, the Board voted unanimously for the Town Manager, the Energy Committee, PowerOptions, Solect Energy, and Town Counsel to proceed. To track the progress towards the deadline, residents can consult the [Landfill Solar Project Dashboard](#) on the Truro website. Unfortunately, the project is behind schedule; however, there is still time to catch up with the next scheduled steps, if Truro proceeds expeditiously with signing the LOI and moving on to revising and commenting on the Agreements so that a contract can be signed with Solect Energy by August 27.

The biggest incentive for immediate action is benefiting from the ITC and reducing the cost of the solar field to \$2.57 million, approximately half of what voters approved. But paraphrasing what Brian Boyle, Energy Committee co-chair said to the Select Board, "With the ITC, this is a great project, without the ITC, it's a good project."

-Elaine Beilin

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<sup>3</sup> See "Truro's Solar Sprint: Beating the Clock for \$1.7 Million in Savings" a [NewsReal](#) on the Truro News website.