

## Debra Brown

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**From:** Commissioner Dallara  
**Sent:** Monday, February 28, 2022 9:57 AM  
**To:** Jim Kurtz  
**Cc:** Commissioner Baughman; Commissioner Frederick; Michael Mike Barnes; Kurt Karsten  
**Subject:** Re: Bedford County Solar Project Update

Mr Kurtz, since I am the only commissioner serving on the board when the solar project grant was approved by the CFA in 2018, I feel you should know my sentiment's about the status of a project that has been stalled for 4 years now. While my comments are my own I believe the other commissioners are disenchanted by the performance of your company as I am to date. Your credibility as a company is in serious doubt at this time. Your company has made many promises that have not been fulfilled. Others are always the blame or it's someone's else's fault. We have been given one excuse after another and still no progress. When will you accept responsibility for your company's failure to complete our solar project in a timely and efficient manner?

I have been asked repeatedly by our citizens when will we finish this project? Your failure to complete this project has been and continues to an embarrassment and has negatively impacted our credibility. Until we received your email we had not seen nor heard from you in over two years. I had to ask your Atty the name of the CEO of RER Energy. As I stated to your Legal Council recently, if I am asked about RER Energy by the CFA OR other county commissioners from across the state, ( and I know a lot of them,) I WILL SIMPLY TELL THEM THE FACTS.

Mr Kurtz, the only way your company can regain any credibility in Bedford County you must begin work on the part of the solar field on the county jail property. There is no acceptable reason that the jail portion of the solar field can't be constructed in parallel with your efforts to complete the required permitting of the Milbun reservoir solution. I don't care to hear more excuses. This project needs completed by September of 2022.

On Feb 21, 2022, at 12:20 PM, Jim Kurtz <jkurtz@rerenergygroup.com> wrote:

Commissioners Dallara, Baughman and Frederick,

Kurt has briefed me on the conference call he had with you on Tuesday, February 15th, and has continued to pass along your concerns as well as your recent request for direct communication with me on the Bedford County Solar Project. I would be glad to talk and meet with you whenever helpful, and am looking forward to talking with you about what has happened with this project, and exploring how we can best move forward, with the cooperation of others, including the Borough of Bedford and the CFA.

The solar project path to date has certainly not been the one we expected. We have encountered challenge after challenge as you are well aware. But we are still convinced there is substantial value in the project for Bedford County and we are committed to bringing that value to fruition if at all possible.

The situation with BREC has been well documented by Kurt over time. I would be glad to talk through that history as well, but will focus here on more recent developments and the current situation.

Most relevant:

-- We had productive conversations on Wednesday February 16th with the Borough of Bedford and the Borough Water Authority and members of the Town Council concerning their solar project and believe we made significant progress in getting their cooperation with investigating a Milburn solution for the County. We have shared an updated Draft lease Agreement with them for your project and are waiting for a response. If the Borough agrees to execute that Lease Agreement, we will then be able to apply to Penelec for an Interconnection Study and Agreement for the Bedford County Project, as well as request that the PA CFA modify the CFA Grant in order to move most of the Bedford County Project to the Milburn Reservoir location. With success of those efforts, a project of 100 KW would also then be built at the Bedford Jail as per the updated BREC net-metering tariff.

-- CFA grants reserved for the Borough and County projects total approximately \$1.7MM. When submitted, the estimated costs of both projects were approximately \$5MM. As you are aware, we established the Power Purchase Agreement price for the Bedford County Project at a level so that the County received 100% of the benefit of the CFA Grant it received. As you are probably also aware, equipment, labor and material prices have dramatically increased as a result of several events, including most recently, COVID. Today with Covid related equipment and labor supply chain constraints, the estimated costs for both projects have increased by approximately 20%, yet the CFA Grant amounts have stayed the same. In addition, RER has already incurred several hundreds of thousands of dollars of unbudgeted expenses, in addressing the challenges that have befallen this Project.

— There is continuing uncertainty in the Financial markets that could impact this project. As a result of some significant upfront investments we have made in the Bedford projects, they are 'safe harbored' for the 30% Federal Tax Credit. It is possible that if 'Build Back Better' legislation were to pass, that figure could increase but of course that is contingent on what Congress will do. In our estimation, that proposed legislation will either pass or be effectively permanently stalled by the summer of 2022. The path of the current inflationary pressures is extremely hard to predict, as well.

In the context of all of that, we believe the best path forward for the Bedford County Project includes:

- Confirming the viability of interconnecting to the grid at the Milburn site. This will take approximately 2-3 months and requires that we obtain a site lease agreement for the property from the Borough of Bedford, as Penelec will not study Interconnection without our being able to document 'site control'. That is why we once again sent the Borough of Bedford a Lease Agreement this week after our call with them.

- Confirming permitting approval for the Milburn site. This will take approximately 6 to 10 months after we receive a Lease Agreement, and will involve submitting for various permits, including an NPDES Permit with the PA DEP.

- Confirming with the PA CFA that the CFA Grant can be moved to the Milburn location. CFA has verbally approved this move, but has specified that they must see a signed lease agreement before they will provide written approval.