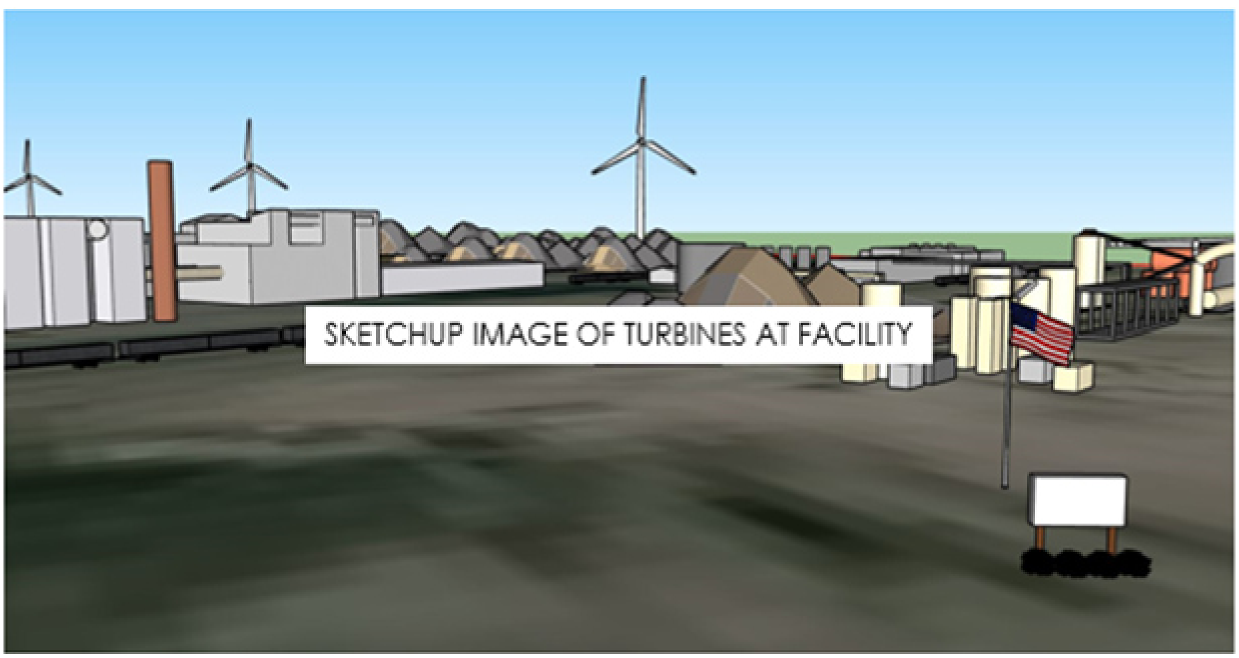
WIND ENERGY INTEGRATION

INITIAL EVALUATION

PROSPECT NAME

CITY, STATE

MONTH 20xx



ONE ENERGY

WIND FOR INDUSTRY®

YOUR ONE ENERGY TEAM MEMBERS

While the entire One Energy team will always be happy to help you, the primary team members associated with this evaluation are listed below. Please do not hesitate to contact any of us with additional questions, concerns, or for clarification. Thank you for the opportunity to help you own your wind.

Report Preparation:
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REPLACE IMAGE BY RIGHT-CLICKING & SELECTING "CHANGE PICTURE"

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vCARD

OUR PROMISE TO OUR CUSTOMERS

- Safety and quality are always first
- Be professors, not salesmen
- Make our customers smarter than the competition's experts
- Work with manufacturers to give our customers the best products possible
- Make wind hassle-free
- Be available and be honest
- Charge a fair price and get paid for our work
- Make decisions for the long term
- Never settle for the industry standard
- Challenge everything

CONTENTS [SAMPLE T.O.C. - UPDATE AS NEEDED]

LIST OF TABLES AND FIGURES

LIST OF EXHIBITS

[SAMPLE LIST OF EXHIBITS – DOESN'T AUTO UPDATE; MAINTAIN CENT. GOTHIC, SIZE 9, CAPS]

INITIAL EVALUATION

EXECUTIVE SUMMARY

MONTH, 2019

PROSPECT NAME – CITY, STATE

This report was prepared for Prospect Name (Shortened Prospect Name) to assess the technical viability and commercial implications of an on-site wind energy project for their facility in City, State. One Energy delivers projects both as standard turnkey CAPEX projects and through a Power Purchase Agreement (PPA). Insert if REA is used in report: One Energy's version of a PPA is called the Renewable Energy Agreement (REA), which will be referred to as the PPA for purposes of this executive summary. For this summary we have assumed Prospect Name would prefer the PPA option. This report relied on information from Prospect Name, publicly available data resources, and proprietary One Energy resources.

PROJECT DESCRIPTION

While a range of scenarios was considered, this report focused on the installation of number 1.5-megawatt (MW) wind turbine(s) at the City facility for a total project size of #.# MW. For reference, the turbines being considered are 405 feet tall. If sited on customer land: The project would be sited on land that is currently owned by Prospect Name. If not sited on customer land: The project would be sited on land that is not owned by Prospect Name. One Energy will buy the additional land necessary for the project, the cost of which has been included in project pricing calculations. See Figure for turbine siting.

TECHNICAL VIABILITY

This report concludes the project is technically viable. To determine this, One Energy examined factors including FAA clearance, land viability, siting constraints, local and state zoning and permitting, wind resource, electrical load at the facility, the local power grid, and other factors detailed in the report.

A summary of key technical points follows:

1. The site has an existing annual electricity usage of #,###,### kilowatt hours (kWh). The turbines would produce #,###,### kWh in the average year, which is approximately #% of the plant's electrical load.
2. The proposed project is not expected to interfere with the operations of any nearby airports.
3. Based on turbine siting setbacks and existing constraints, the turbines can be safely sited on Prospect Name land/OE-purchased adjacent land.
4. At the local level, the site is subject to zoning AND/OR key permitting. If zoned: One Energy will be able to work under the existing permitting structure [OR] obtain the necessary variance. If unzoned: City/Township is a community without a zoning resolution. An unzoned community does not require further actions regarding local zoning.
5. The existing site interconnects at ## volts. The project would interconnect at the same voltage.
6. INSERT SPECIFIC CUSTOMER CONCERNS

GOOGLE EARTH IMAGE OF TURBINE SITING WITH APPROPRIATE CAPTION

NOTE: REPLACE THIS IMAGE BY RIGHT CLICKING AND SELECTING "CHANGE PICTURE" TO AVOID HAVING TO RE-LINK CAPTION AND CROSS-REFERENCE

LEGEND
Center: Turbine Location
Solid Line: Blade-Length Setback
Dashed Line: Turbine-Clearance Setback
Dotted Line: Private-Residence Setback

Figure 1: Turbine Siting

The areas of technical concern that were discovered are:

1. Negative issue in one sentence; include path to resolution

COMMERCIAL IMPLICATIONS

This project was analyzed for commercial implications and One Energy has concluded there is positive commercial value. The conclusions are as follows:

1. Financial
   a. The site is currently serviced by UTILITY if they have CRES generation: and uses CRES Provider as a third-party generation provider. If Marginal Cost was calculated: We determined the Marginal Cost of Energy (which is the all-in cost of one more or one less kilowatt hour) for this facility is $#.###/kWh if CRES provider: ($0.####/kWh to insert utility source, and $0.####/kWh to insert CRES source) if no CRES provider: ($#.####/kWh from insert utility source tariff costs, and $#.####/kWh in fuel costs). If Marginal Cost not calculated: Prospect Name's current Marginal Cost of Energy will be determined after utility bills are provided.
   b. The 20-year PPA rate we are able to offer for this project is $#.####/kWh, which is #% less than Prospect Name's current rate. While the PPA rate we are proposing is fixed for 20 years, other stepped, escalating, and declining rate structures are available based on customer preference.
   c. While wholesale prices vary wildly, retail prices tend to follow a trend. One Energy does not make predictions about future power pricing but encourages our customers to consider a range of scenarios:
      i. Assuming the scenario with a 2.2% grid inflation rate in the next 20 years, the project would save $###,###, creating net present value (NPV) of $###,### at a 7% discount rate.
      ii. With zero electricity-rate inflation in the next 20 years, the project would save $###,###, creating NPV of $###,### at a 7% discount rate.
      iii. For reference, in the state of State, the 20-year historical retail electricity inflation rate has been #.#%.
   d. INSERT SPECIFIC CUSTOMER CONCERNS

A graphic representation of the PPA cost savings scenario is below (**Error! Reference source not found.**).

PPA COST GRAPHIC BY YEAR – COST SAVINGS CURVES + BAR GRAPH; ADD APPROPRIATE CAPTION

NOTE: REPLACE THIS IMAGE BY RIGHT CLICKING AND SELECTING "CHANGE PICTURE" TO AVOID HAVING TO RE-LINK CAPTION AND CROSS-REFERENCE

Figure 2: PPA Cost by Year (2.2% Grid Inflation)

2. Power and energy
    a. With *Wind for Industry*, the plant is never disconnected or isolated from the power grid. The wind project operates in parallel with the existing grid. If the wind turbine(s) is/are not operating due to maintenance or to a temporary lack of wind, then the facility is able to draw all its power needs from the utility.
    b. If net metering: This facility is eligible for net metering, which means the utility only bills the customer for net consumption at the end of the monthly billing period, so it does not matter if the plant operates less than 24/7. The facility's meter will run forwards and backwards throughout the month and the facility will only be billed for the energy it consumes. If not net metering: This facility is within an electric cooperative/a municipality, so One Energy proposes an alternative solution to a standard net-metering job. With the use of on-site generation, Prospect Name can reduce its instantaneous electricity use to zero but never go negative. This method is less attractive than net metering because some of the power is only compensated at wholesale rates, but much of the power generated still offsets retail rates.
3. Contractual
    a. One Energy's PPA is treated as a service contract under generally accepted accounting principles (GAAP) as well as the Financial Accounting Standards Board (FASB). Therefore, the PPA is not treated as a lease and does not have any balance sheet implications.
    b. The fixed PPA rate is a truly fixed rate. There is no escalator or index. This fixed rate provides significant long-term rate risk protection.
    c. One Energy provides all CAPEX and OPEX for the project. The customer does not pay for anything other than the actual energy delivered by the project.
    d. Under the PPA structure, One Energy takes all construction, permitting, and operational risk. The customer is only expected to provide incidental support for permitting and local communication.
    e. This project can be completed in 6-9 months from the date of PPA execution.
    f. INSERT SPECIFIC CUSTOMER CONCERNS
4. Corporate responsibility
    a. Each turbine One Energy builds under a PPA structure provides a Megawatt Scholarship for $5,000 per year. The scholarships are given to local students pursuing degrees in science, technology, engineering, or math (STEM). The scholarships are awarded in the

name of the facility they serve: for example, Customer Megawatt Scholarship. One Energy bears all expenses related to the scholarships.

b. The project will produce #,###,### kWh annually. This is equivalent to approximately #,### metric tons of CO_2-eq. Based on Prospect Name's XXX report this project would represent #% of the worldwide Scope 2 emissions for Prospect Name. INSERT SOMETHING ABOUT SPECIFIC CUSTOMERS GOALS. One Energy will provide Prospect Name with the renewable energy credits (RECs) necessary to support these claims.

CONCLUSION AND PATH FORWARD

It is One Energy's opinion that this project is both technically viable and has positive commercial value. The project provides 20 years of rate certainty and immediate savings, as well as environmental benefits and powerful marketing opportunities.

This report is intended to provide Prospect Name with enough information to make an educated decision about its interest in a *Wind for Industry* project. Once Prospect Name has reviewed this report and decided it is interested in progressing with this project, the next steps are as follows:

1. Specific steps based on technical deficiencies
2. Allow One Energy to complete a Detailed Evaluation to finalize its technical investigation and engineering of the project.
3. Review and ultimately execute a PPA (customer dependent and done in parallel with the Detailed Evaluation).

EVALUATION METHODOLOGY

It is One Energy's understanding that Prospect Name (Shortened Prospect Name) [if prospect name is shortened here, be sure to use shortened version throughout document] is considering using wind energy for its facility in City, State. One Energy is providing Prospect Name with the information necessary to understand the turbine(s), the supplier, and the applications where wind energy would fit into its existing business model.

In order to provide specific project examples, One Energy has completed independent research to analyze the Prospect Name facility.

This report has been conducted without making any public contacts to respect Prospect Name's privacy. The report will identify any areas of concern that may negatively affect the viability of the project. This report allows Prospect Name to make an informed decision about moving forward with a *Wind for Industry* project.

This evaluation is not intended to provide contract-level accuracy. It is meant to provide budget-level accuracy and identify any areas of concern for a potential project.

TECHNICAL VIABILITY

SITE INFORMATION

The Prospect Name facility considered for this Initial Evaluation is located in City, State at Prospect Address. Insert specific prospect information regarding land ownership, parcel amount, township, and/or county.

The number-acre Prospect Name property is not sufficient for siting a utility-scale wind turbine(s) while adhering to Prudent Wind Industry Practice setbacks. Insert specific prospect information about necessity for acquisition of additional parcel(s). The land owned by Prospect Name is outlined in green in Figure 1, while the project parcel is outlined in orange. The project parcel is approximately ### acres.

Figure 1: Prospect Name – City, State

ELECTRICITY SERVICE PROVIDER

Update with specific prospect information regarding utility provider and net metering. Include this language if public utility: The site is serviced by Utility Provider and is subject to state net-metering laws. In Ohio, facilities serviced by rate-regulated utilities are permitted to generally offset their usage under these net-metering laws. The laws require the customer is only billed for the net consumption at the end of each billing period (monthly). If the customer net generates electricity during a monthly period, the customer will be compensated by the utility at the cost of energy generation and any associated kilowatt-hour riders for each excess kilowatt hour generated. The ideal design size for a wind project is to "primarily offset" the facility's usage. Include this language if coop/muni: Electric cooperatives/Municipalities are not regulated by the state as public utilities and do not adhere to the same laws as public utility companies. Each electric cooperative/municipality may have a unique set of guidelines and policies; however, One Energy has reviewed multiple electric cooperatives/municipalities and has an understanding of how to work with these private utilities. Discussions with coop name/muni name will need to occur to further investigate the feasibility of a *Wind for Industry* project.

For projects within electric cooperatives/municipalities, One Energy proposes an alternative solution to a standard net-metering job. With this alternative method, the meter at the facility would only be able to run forwards, not forwards and backwards like in a net-metering project. On-site generated energy would first be used to lower site consumption and then excess energy would be sold back to the electric cooperative at an avoided cost rate. With the use of on-site generation, Prospect Name can reduce its instantaneous electricity use to zero but never go negative. This method is less attractive than net metering because some of the power is only compensated at avoided cost rates, but much of the power generated still offsets retail rates.

UTILITY RATE ANALYSIS

One Energy examined the current electricity rates for the facility. Prospect Name's location facility is billed under Utility Provider's ### rate schedule.

Electricity costs are a combination of a Marginal Cost of Energy, a Marginal Cost of Power, a flat cost, and other costs depending on the specific rate schedule. The Marginal Cost of Energy is defined as the cost associated with using one additional kilowatt hour (kWh) over the billing period, while the Marginal Cost of Power is defined as the cost associated with using one additional kilowatt (kW) during the interval peak from the billing period. The Marginal Cost of Energy differs from a typically calculated rate, the Kilowatt-Hour Rate. The Kilowatt-Hour Rate is defined as the total bill dollar amount divided by the total number of kilowatt hours used over the billing period. This Kilowatt-Hour Rate includes portions of the bill that are contributed from power and service charges that do not relate to energy usage.

One Energy can offset the Marginal Cost of Energy, summarized in Table 1. The Marginal Cost of Energy calculated for the Prospect Name site is **$0.####/kWh** ($0.####/kWh to insert utility source, and $0.####/kWh to insert CRES source). One Energy estimated the Marginal Cost of Energy for the Prospect Name site utilizing Utility Provider's publicly available tariff schedule. Details of these calculations for the Marginal Cost of Energy, including applicable riders, are available in Exhibit A.

PROSPECT NAME: UTILITY PROVIDER RATE	
Insert Source	$0.####/kWh
Insert Source	$0.####/kWh
Marginal Cost of Energy	$0.####/kWh
Kilowatt-Hour Rate (for reference)	$0.####/kWh

Table 1: Rate Analysis

As reference, Figure 2 shows the distribution of various costs associated specifically with Utility Provider. This includes generation costs from CRES (if applicable)

DONUT GRAPH OF UTILITY BREAKDOWN COSTS

NOTE: REPLACE THIS IMAGE BY RIGHT CLICKING AND SELECTING "CHANGE PICTURE" TO AVOID HAVING TO RE-LINK CAPTION AND CROSS-REFERENCE

Figure 2: Total Utility Cost Breakdown

FACILITY CONSUMPTION

Insert specific prospect information regarding utility bills and consumption (Table 2). Use the following language if net metering: Based on this consumption and current Ohio law, Prospect Name would be able to utilize number turbine(s) (# megawatts, MW) and still be an annual net consumer, eligible for net metering. Use the following language if coop/muni: Based on the project structure through the electric cooperative/municipality, project sizing depends on the consistency of Prospect Name's load throughout a given year. One Energy has developed a model to determine the amount of power sent back on an annual basis depending on the number of turbines and the annual load profile. This project is sized at number turbine(s) (# megawatts, MW) to allow for minimal power sent back to the grid that is sold at avoided cost rates.

PROSPECT NAME: UTILITY PROVIDER CONSUMPTION	
Insert specific prospect information	#
Insert specific prospect information	#
Insert specific prospect information	#
Insert specific prospect information	#

Table 2: Electricity Consumption

PRELIMINARY SITE WIND RESOURCE SUMMARY

The wind resource of a site relates the wind-speed distribution and the expected energy production. The energy production (kWh) is calculated by multiplying the distribution of the wind speed throughout a year (in hours) by the turbine power curve (kW). The power curve is provided by the turbine manufacturer and defines the relationship between power output and wind speed. The wind-speed distribution and power curve can be seen in Figure 3. Annual Energy Production is presented as a capacity factor (%), which is the ratio of the expected energy output of a turbine to the theoretical output of a turbine running at rated power over the same period.

WIND-SPEED DISTRIBUTION AND TURBINE POWER CURVE GRAPH

NOTE: REPLACE THIS IMAGE BY RIGHT CLICKING AND SELECTING "CHANGE PICTURE" TO AVOID HAVING TO RE-LINK CAPTION AND CROSS-REFERENCE

Figure 3: Annual Distribution of Wind Speeds with Manufacturer-Provided Power Curve

The Preliminary Site Wind Resource was determined using data from Ohio's network of meteorological (MET) towers and satellite-derived wind data from NASA's Modern-Era Retrospective Analysis for Research and Applications (MERRA2) project. This data was used to determine the Baseline Annual Energy Production, Anticipated Annual Energy Production, and Anticipated Capacity Factor. The Baseline Energy Production is the calculated energy production excluding any external effects. Anticipated Energy Production is the Baseline Energy Production estimate minus external effects such as wake interactions from other nearby turbines (if applicable), down-time due to extreme environmental conditions, electrical losses, and maintenance. For this Preliminary Site Wind Resource analysis, typical losses for a *Wind for Industry* project in Ohio were applied to the Baseline Energy Production to get the Anticipated Energy Production. Insert specific prospect information about turbine number and wake loss. If using 87: The proposed turbine model for the project is the Goldwind (GW) 87/1500, which is suitable for the wind regime in City. If using 93: Due to lower expected wind speeds at the project site, the proposed turbine model for the project is the Goldwind (GW) 93/1500, which performs better in areas with lower wind speeds. A summary of the Anticipated Annual Energy Production at the site can be seen in Table 3 and details of the analysis can be seen in Exhibit B. Final energy-production estimates are pending a full Wind Resource Assessment, which is completed in the Detailed Evaluation stage.

PROSPECT NAME: PRELIMINARY WIND SUMMARY	
Average Wind Speed (80 m)	#.# m/s
Prevailing Wind Direction	X
Baseline Annual Energy Production (# turbine(s))	##,###,### kWh
Anticipated Annual Energy Production (# turbine(s))	##,###,### kWh
Anticipated Capacity Factor (GW 87 or 93/1500)	##.#%

Table 3: Preliminary Site Wind Resource Summary

SITING RESTRICTIONS

State Requirements

Under section 4906.13 of the Ohio Revised Code, the Ohio Power Siting Board (OPSB) has jurisdiction over all economically significant wind farms. The code defines "economically significant wind farm(s)" as those with a nameplate capacity of 5 MW or greater at a single interconnection point with the grid. The proposed project in

Prospect City is under 5 MW and will, therefore, not be subject to the jurisdiction of the OPSB. Instead, the proposed project will fall under local permitting jurisdiction.

Local Requirements

Insert specific prospect information about zoning and permitting.

Federal Aviation Administration Information

The Federal Aviation Administration (FAA) requires that any structure whose height exceeds 200 feet, including a wind turbine, file a "Notice of Proposed Construction" with the FAA 90 days prior to construction. This filing starts a process to determine if a tall structure is an obstruction or hazard to the safe and efficient use of navigable airspace near airports (including their communication and navigation facilities). During this process, the FAA will complete a thorough review of the proposed structure in accordance with the standards set forth in the Code of Federal Regulations (CFR) Part 77. The FAA does not charge a fee to file a Notice of Proposed Construction and they typically take 90 days to respond to a filing.

One Energy utilized the FAA's online "Notice Criteria Tool" to determine if the proposed project may have any impact on air navigation. The results of this initial search determined the Prospect Name property [insert summary of results]. See Exhibit C for the result of this search. As with all *Wind for Industry* sites, a "Determination of No Hazard" from the FAA will be required prior to construction.

Microwave Path Assessment

Like other tall structures, wind turbines have the potential to interfere with point-to-point microwave paths. Point-to-point microwave paths are communication systems that transmit signals via beams of radio waves and include anything from data to audio and video information in the range of 1 to 30 gigahertz. The energy of the signal being transmitted is contained within a series of concentric ellipses surrounding the path, called Fresnel Zones. The majority of the transmitted information is contained within the first two Fresnel Zones. The Second Fresnel Zone is commonly used to calculate necessary clearance for minimal microwave path interference and is considered a conservative estimate. There are no laws that must be adhered to regarding microwave paths, though it is in good faith to be located outside the Second Fresnel Zone to mitigate any effects of the rotating blades on communications. One Energy imposes an additional blade-length setback of 150 feet from the Second Fresnel Zone.

An internal review of known microwave paths within a one-mile radius (use here only if microwave paths found) was conducted to determine if the turbine(s) would impact microwave paths near Prospect Name's facility in City. [If microwave paths use following sentences] There are number microwave paths near the facility. The proposed turbines are sited outside the Second Fresnel Zone clearance of the path(s) and are not expected to cause any disturbances. Details of the nearby microwave paths can be seen in Table 4. See Exhibit C for the locations of the nearby microwave paths. [If no microwave paths use following] There are no detected microwave paths within a one-mile radius of the proposed project. See Exhibit C for more information.

PROSPECT NAME: MICROWAVE PATHS		
Closest Turbine	Path Name	Distance to Second Fresnel Zone (ft)
Turbine codename	XXXXXXX Path #	#,###
Turbine codename	XXXXXXX Path #	#,###
Turbine codename	XXXXXXX Path #	#,###

Table 4: Microwave Path Assessment

DETAILED TURBINE SITING

One Energy considers many factors when siting a *Wind for Industry* project, with safety being the number-one priority. Prudent Wind Industry Practice setbacks are followed to minimize any effects of a project on the surrounding area. If siting on customer land use this language: One Energy has determined the land owned by Prospect Name in City is sufficient for siting a wind turbine(s). If siting on alternative land use this language: One Energy has determined the land owned by Prospect Name in City is not sufficient for siting a wind turbine(s). Land to the direction of the Prospect Name facility was identified for siting number turbine(s). The property cards for all parcels considered can be seen in Exhibit C. The setback limits considered when siting a wind turbine are shown in Table 5.

WIND TURBINE SETBACK KEY		
Setback	Setback Distance	Applicable Setbacks
Blade-Length Setback	150/160 feet	Property lines Railroads Low-traffic roads Local transmission (power) lines
Turbine-Clearance Setback (1.1 x maximum tip-height)	445/455 feet	Customer-owned facility Underground pipelines High-traffic roads High-voltage transmission lines
Private-Residence Setback	1,000 feet	Private residences Businesses

Table 5: One Energy Prescribed Siting Setbacks

Figure 4 shows the land owned by Prospect Name with One Energy setbacks imposed. The land shaded purple represents the nearby setbacks that overlap the Prospect Name property, as well as areas of unfavorable locations due to technical impracticability. One Energy also conducts internal studies to identify any nearby flood zones, underground pipelines, or wetlands that may impact siting. There are no nearby flood zones, pipelines, or wetlands that need to be avoided; the results of these studies can be seen in Exhibit C. One Energy does not expect any of these additional siting restrictions to impact the Prospect Name project.

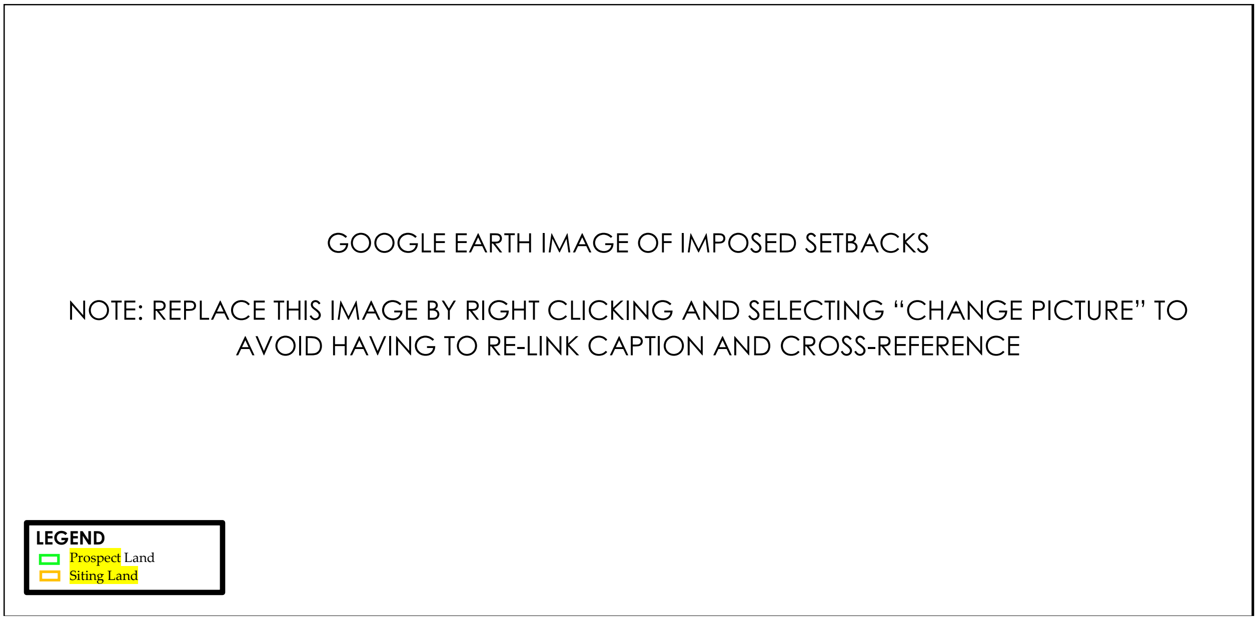

Figure 4: Imposed Setbacks

All applicable setbacks were considered when siting the turbine(s). The/Each turbine is a blade-length setback from all property lines and roads, a turbine-clearance setback from the Prospect Name facility, and a private-residence setback from all surrounding residences and businesses. Additionally, areas of known expansion or known areas to avoid for technical reasons were considered while determining turbine siting.

Insert the following language if more than one turbine included in project: While adhering to these setbacks, it is ideal to site the turbines perpendicular to the prevailing wind direction for minimum wake loss effects, as well as a minimum of 2.5D (2.5 x the rotor diameter) apart from each other within the same row. The prevailing wind direction is from the direction in this region, so the turbines will be sited direction to direction. This siting option is feasible and attractive for a *Wind for Industry* project.

One Energy sited the turbine(s) for minimum wake loss while adhering to the expressed setbacks. The potential turbine location(s) is/are represented by the center white dot(s) in Figure 5 and the circles around the/each turbine in[...]ks described in Table 5, in accordance with Prudent Wind Industry Practice. This siting can al[...]ibit D. The siting presented here is preliminary and determined by known information at this ti[...] siting is dependent on project sizing and land availability and will be confirmed during the Detailed Evaluation.

LEGEND

GOOGLE EARTH IMAGE OF TURBINE SITING

NOTE: REPLACE THIS IMAGE BY RIGHT CLICKING AND SELECTING "CHANGE PICTURE" TO AVOID HAVING TO RE-LINK CAPTION AND CROSS-REFERENCE

LEGEND
Center: Turbine Location
Solid Line: Blade-Length Setback
Dashed Line: Turbine-Clearance Setback
Dotted Line: Private-Residence Setback

Figure 5: Turbine Siting

COMMERICAL IMPLICATIONS

**NOTE: the regulatory/legal team has revised the language we use here. If co-op, all must be converted to REA terminology.

A *Wind for Industry* project has a wide range of commercial implications, including financial savings, cost avoidance, carbon reductions, predictable operating costs, marketing potential, corporate responsibility benefits, and more. The sections below provide details related to these commercial implications.

FINANCIAL ANALYSIS

The following section investigates the financial aspects of the proposed project.

Delivery Method

One Energy has two project-pricing models: a Power Purchase Agreement (PPA)/ Renewable Energy Agreement (REA) (if co-op) and a Capital Expenditure (CAPEX).

Use these two sentences if co-op: The REA is a power purchase contract between an energy provider (seller) and a customer (buyer) who wishes to purchase energy at a predetermined rate for an extended period of time. Use this sentence if EDU or muni: A PPA is a contract between an energy provider (seller) and a customer (buyer) who wishes to purchase energy at a predetermined rate for an extended period of time. It should be noted that One Energy's version of a PPA is called a Renewable Energy Agreement (REA), but it will be referred to using the general PPA term throughout this report.

One Energy has developed a PPA specific to our *Wind for Industry* projects, which has been designed to meet the demands of industrial facilities. One Energy's PPA is based on the premise that One Energy bears all capital and operating costs and the customer only pays a flat, fixed kilowatt-hour rate for the energy the project produces. While the rate is typically flat and fixed throughout the term, alternate predetermined rate structures are available upon request. The PPA is set up to be treated as a service contract and will not trigger lease treatment under generally accepted accounting principles (GAAP). As a result, this project would not appear on the balance sheet; the electricity expense would be accounted for and would appear on the income statement as it does now. Under the PPA structure, One Energy would develop, construct, and finance number turbine(s) for Prospect Name. One

Energy would also own, operate, and maintain the wind project. Additional information about One Energy's PPAs can be seen in Exhibit F.

Conversely, a CAPEX model allows for the traditional customer ownership of the *Wind for Industry* project under a capital expenditure. Prospect Name would finance the development, construction, operations, and maintenance of the project. One Energy would develop, procure, and construct the project.

The project-specific financial details of each delivery method are shown in the following two sections. These details can be seen in Exhibit E.

CAPEX Scenario

One Energy has estimated the cost of this project based on its experience with similar projects. This turnkey estimate includes costs associated with the development, engineering, procurement, and construction of the project. A summary of the proposed CAPEX pricing model is shown in Table 6.

The total savings represented in Table 6 considers the Renewable Energy Credits (RECs) revenue (see Renewable Energy Credits section of this document) over the 20-year lifetime of the project as well as the Modified Accelerated Cost Recovery System (MACRS) depreciation benefit (see Relevant Financial Incentives section of this document). These benefits are not reflected in the calculations for the Life Cycle Cost of Energy.

For all scenarios, a turbine capacity factor of ##.#% was used. The following assumptions have been used:

1. Corporate tax rate of 30%
2. Electricity grid inflation rate of 0% and 2.2%
3. Number-turbine project installation
4. 2019 project online date
5. Turbine lifetime of 20 years (despite longer estimates from manufacturers)

PROSPECT NAME: CAPEX MODEL SUMMARY 20-YEAR INITIAL ESTIMATE		
	# x 1.5 MW Turbine 0% Grid Inflation	# x 1.5 MW Turbine 2.2% Grid Inflation
Upfront Cost	$#,###,###	$#,###,###
Life Cycle Cost of Energy*	$0.####/kWh	$0.####/kWh
Average Grid Rate	$0.####/kWh	$0.####/kWh
Savings per kWh	$0.####/kWh	$0.####/kWh
Average Annual OPEX	$##,###	$##,###
Total Savings	$#,###,###	$#,###,###
20-Year IRR	##.##%	##.##%
NPV at X%	N/A	N/A
Estimated Breakeven	# years	# years
*Life Cycle Cost of Energy reflects the total cost over the lifetime of the project. This cost is calculated by taking the sum of the initial investment and the operations and maintenance costs, then subtracting the Investment Tax Credit. This is all divided by the total kWh production over the lifetime of the project.		

Table 6: CAPEX Summary

PPA/REA Scenario

The 20-year fixed PPA/REA rate One Energy expects to be able to offer is $0.0XXX/kWh. This rate is based on initial wind-resource estimates, supply costs, and any additional project costs, and will result in a flat electricity rate for the duration of the 20-year contract. The rate is also for the proposed project size and will be adjusted if project size changes. Insert the following **sentence** if we do not have the full marginal cost of energy because we didn't get utility bills from the customer: Assuming $0.0###/kWh in riders, this PPA/REA rate range is approximately $0.0###-0.0###/kWh in generation costs alone compared to current generation costs. For comparison, the Marginal Cost of Energy Prospect Name currently pays is $0.0###/kWh. One Energy developed the PPA/REA pricing model using a very conservative 0% as well as a 2.2% annual grid inflation rate for electricity costs and an NPV discount rate of 7%. Assuming a grid inflation rate of 2.2%, the proposed project will provide a xx% savings over 20 years. A summary of the proposed PPA/REA model analysis is shown in Table 7.

PROSPECT NAME: PPA/REA MODEL SUMMARY **20-YEAR INITIAL ESTIMATE**		
	# x 1.5 MW Turbine 0% Grid Inflation	# x 1.5 MW Turbine 2.2% Grid Inflation
Upfront Cost	$0	$0
Life Cycle Cost of Energy*	$0.0###/kWh	$0.0###/kWh
Average Grid Rate	$0.0###/kWh	$0.0###/kWh
Savings per kWh	$0.0###/kWh	$0.0###/kWh
Average Annual OPEX	$0	$0
Total Savings	$###,###	$###,###
20-Year IRR	N/A (No Investment)	N/A (No Investment)
NPV at X%	$###,###	$###,###
Estimated Breakeven	N/A (No Investment)	N/A (No Investment)
*Life Cycle Cost of Energy reflects the total cost over the lifetime of the project. This cost is calculated by taking the sum of the initial investment and the operations and maintenance costs, then subtracting the Investment Tax Credit. This is all divided by the total kWh production over the lifetime of the project.		

Table 7: PPA Summary

Historical Energy Prices

While wholesale electricity prices vary wildly, retail prices tend to follow a trend. Over the past twenty years, retail electricity inflation in the state of STATE has been XX% (see Exhibit A). One Energy does not create power-pricing forecasts but encourages our customers to consider a range of scenarios.

In the previous section, two grid inflation scenarios were modeled for financial analysis. Any scenario for various grid inflation values can be modeled for Prospect Name if desired.

Renewable Energy Credits

Many states, including Ohio, have mandated that electricity providers make progress towards providing electricity from renewable resources. This, along with corporate demand to purchase renewable energy, has created markets for Renewable Energy Credits (RECs) across the United States. A REC is an intangible certificate signifying 1 megawatt hour (MWh) of electricity was generated from a renewable resource.

With a CAPEX financial model, Prospect Name would typically receive ownership of the RECs and the ability to sell those RECs in the relevant REC market. Under the PPA/REA financial model, One Energy typically receives ownership of the RECs produced and the ability to monetize them. One Energy then assigns non-compliance RECs from other lower-cost markets back to the customer to ensure retirement of the RECs in their name for marketing purposes. Utilizing this "REC flip", One Energy can offer a lower PPA rate than if the customer chooses to own the on-site produced RECs.

The equivalent value of these RECs on a kWh basis ranges from $0.0050/kWh to $0.0250/kWh [check that this number range is still true] in Ohio and neighboring markets. Currently, RECs are valued at about $0.0060/kWh. In the point market at the end of 2011, their value hit $0.0400/kWh. Long-term contracts in the 2-5-year range are available to eliminate some of this variability. To remain conservative, One Energy recommends a value of $0.0060 declining at 3% per year be included in financial analyses. This value is modeled when determining the offered CAPEX cost and the PPA/REA rate.

Relevant Financial Incentives

Wind energy projects currently qualify for a 12% Investment Tax Credit (ITC). This credit is valid for projects that begin construction by December 31, 2019; after that, the credit will be reduced over the next year. If the project is not started by December 31, 2019, the ITC will be reduced to 0% which will affect the financials of the project. The ITC is a one-for-one credit against a net tax liability. In addition, in Ohio, the turbine(s) and all materials and equipment necessary to install the project are exempt from sales tax.

In Ohio, these projects are subject to reduced state tax in place of real/personal property tax (Payment in Lieu of Tax, or PILOT) of $6,000 per MW of installed capacity.

All wind projects are MACRS 5-year property. The depreciation incentive is intended to increase the time value of money and encourage expenditures in renewable energy. The depreciable basis is reduced by half of the value of the ITC. The annual depreciation rates are shown in Table 8. It is possible that additional bonus depreciation will apply, but the full ramifications of the recent tax code amendments remain to be fully examined. This tax information should not be taken as tax advice and is provided to make Prospect Name aware of available incentives. Prospect Name should seek independent review of the information presented.

MACRS DEPRECIATION (OF DEPRECIABLE BASIS)	
Year 1	20.00%
Year 2	32.00%
Year 3	19.20%
Year 4	11.52%
Year 5	11.52%
Year 6	5.76%

Table 8: Annual Depreciation Rates

Predictable Operating Costs

Electricity can be a significant portion of a facility's operating costs. By generating its own electricity with a wind turbine(s), Prospect Name can predict and control its long-term electricity costs and insulate itself from the effects of electricity-rate inflation. During the Detailed Evaluation stage of a project, One Energy completes additional intensive energy production modeling to evaluate the expected production on an annual basis over the life of the turbine(s), as well as annual production variability the project is expected to experience. With this valuable information, Prospect Name can budget its energy costs accordingly and be free from the uncertainty of electricity-price fluctuations.

CORPORATE RESPONSIBILITY

Carbon Reduction

While Prospect Name's primary goal of installing a wind turbine(s) is to reduce electricity costs, the environmental advantages are also important to include in a comprehensive analysis. Wind turbines are a profitable and proven way for a company to go green. Utilizing on-site wind generation is an environmentally friendly solution to reduce overall carbon emissions and to adopt additional sustainable methods. A wind-turbine installation can immediately transform an entire facility's energy profile. [INSERT STUFF ABOUT COMPANY'S SUSTAINABILITY AGENDA. YES, THAT MEANS YOU GOTTA GO SEARCH FOR IT]

The proposed number-turbine project can generate enough electricity to power approximately 300-400 homes annually and reduce approximately 2,700 metric tons of carbon dioxide equivalent emissions per year. [ADD IN OTHER FACTS ABOUT THE SPECIFIC SUSTAINABILITY STUFF RELEVANT TO THEIR SUSTAINABILITY GOALS – use https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator with the anticipated energy production that is specific to this project (for houses and CO2 also)] This project will also be able to help the company reduce its Scope 2 emissions. See Exhibit G for additional facts about going green with a *Wind for Industry* project.

Marketing

Wind turbines make a powerful, public, and marketable statement about a company's commitment to corporate responsibility. These/This wind turbine(s) is/are placed near the facility they/it will be producing energy for and Prospect Name will have the opportunity to put their company logo on the turbine(s) itself/themselves to further show the sustainable commitment Prospect Name has made.

Each turbine weighs more than one million pounds, has a maximum tip-height of 405/414 feet, and has a spinning rotor diameter of 285/305 feet. This is one of the most visible and compelling declarations of sustainability a company can publicize.

Community

A *Wind for Industry* project at the Prospect Name facility represents a long-term investment in the local community. These projects have a minimum lifetime of 20 years, which shows a strong commitment of Prospect Name to location.

Each wind turbine installed also represents a $5,000 annual scholarship awarded for 20 years. These "Megawatt Scholarships" are granted to graduating seniors in the community who will be attending a two-year or four-year institution for a science, technology, engineering, or math (STEM) discipline. Prospect Name can be as involved in the scholarship selection process as desired. Furthermore, when possible, One Energy makes efforts to utilize local suppliers while constructing the project, as a way to support industry in the area.

RISKS

This section is intended to highlight key areas of risk, and when appropriate, the mitigating factors for those risks.

Development, Engineering, Procurement, and Construction Execution Risk

The design and construction of a *Wind for Industry* project is highly technical and very specialized. One Energy is the largest installer of on-site wind energy in the United States. One Energy assumes all execution risks related to this project under both financial delivery structures.

Turbine Operation Risk

To ensure full benefit of its useful life, the turbine(s) must be properly monitored and operated. One Energy secures a 10-year warranty from the turbine's' original equipment manufacturer (OEM) that includes all scheduled and unscheduled maintenance on the turbine(s). One Energy has a broad *Operating All Risk* insurance policy that provides secondary protection above and beyond the warranty. One Energy maintains a 24/7 on-call system operator platform and receives automated alerts for any turbine or grid issues. Additionally, the turbine's' OEM has a 24/7-staffed monitoring center and local on-call technicians to monitor the projects.

Market Risk

All energy projects, including this one, are based on market assumptions. Should the price of power significantly increase or decrease, the project will provide more or less relative savings than anticipated. It is important that a range of scenarios for rate inflation/deflation are modeled when determining the value of the project. In the case of a PPA/REA project, a lower grid rate will eliminate the savings provided by the project. In a CAPEX project, the lower rate will reduce the relative value of the energy being produced by the turbine(s).

Facility Closure or Sale Risk

Wind turbines are designed to last 20 years or more. Consequently, they have the strongest financial return when modeled over that period. The PPA/REA terms are also set at 20 years to align with this useful life. If a facility closes during that period, there will likely be financial implications to the project. The PPA/REA is structured as a 20-year "take or pay" agreement. To mitigate the long-term risk to both Prospect Name and One Energy, the PPA/REA obligation may be sold with the entire facility to another entity. In the event of a full facility closure or bankruptcy, the customer is only required to "make whole" the rate One Energy would have received. This means, if One Energy is able to sell to the grid for a rate equal to or greater than the contracted PPA/REA rate, then One Energy has no recourse because it has been made whole.

Reliability Risk

With any on-site generation, it is important to understand the mechanism of interconnection. In the proposed project, Prospect Name's facility is always connected to the grid. The turbine(s) operate(s) in parallel to the grid (as opposed to being in line with the grid). The result is that the reliability of the electricity service is still 100% dependent on the original local grid reliability. The addition of the turbine(s) will not increase or decrease the reliability of the facility's electricity. The protection and control systems used by One Energy to interconnect the turbine(s) to Prospect Name's facility are state-of-the-art and operate much faster than typical systems.

Wind-Resource Risk/Turbine-Generation Risk

If there has been a significant error in forecasting, or if the wind resource varies significantly year to year, then forecasted energy production will not match actual production. In a CAPEX project, this risk is the customer's, but they are partially shielded by the fact that One Energy carries an *Error and Omissions* insurance policy that guarantees professional recommendations made by One Energy were consistent with Prudent Wind Industry Practices. In PPA/REA projects, One Energy assumes the risk of lower generation because the only mechanism to bill the customer is delivery of power. Therefore, if the turbine(s) do/does not produce power, Prospect Name does not have to pay for power. As a practical matter, One Energy has a long track record of accurately predicating wind resources and production at its projects.

CUSTOMER RESOURCES

The proposed *Wind for Industry* project requires minimal resources on Prospect Name's behalf. Prospect Name is expected to provide general administrative support to facilitate the interconnection, community roll-out, and permitting of the project, all of which are led by One Energy. Prospect Name will also need to work with One Energy to coordinate physical interconnection of the turbine system to the existing facility's system.

CONCLUSION AND PATH FORWARD

One Energy has completed an Initial Evaluation of Prospect Name's facility located in City, State. This report is intended to provide Prospect Name with enough information to make an educated decision about its interest in a *Wind for Industry* project. The proposed project includes # turbine(s) on Prospect-owned land/land adjacent to Prospect to offset approximately XX% of the facility's current energy consumption.

It is One Energy's opinion that this project is both technically viable and has a positive commercial value. The proposed project provides 20 years of certainty and provides immediate rate savings. The project also provides environmental benefits and powerful marketing opportunities.

After Prospect Name has reviewed this report and has decided this project is of interest, below are the next steps for progressing with a *Wind for Industry* project:

1. [TOTALLY REPORT DEPENDENT. DO NOT ALWAYS USE THESE, BUT THESE ARE SOME COMMON RECOMMENDATIONS TO USE FOR WORDING EXAMPLES]

2. A Detailed Evaluation is completed, where One Energy finalizes its technical investigation and engineering of the project (30-60 days; no cost).

3. A PPA is reviewed and ultimately executed – One Energy's standard form is called a Renewable Energy Agreement (REA) (customer dependent, done in parallel with Detailed Evaluation).

4. One Energy recommends Prospect Name allow One Energy to discreetly investigate the availability and pricing for the land where the turbine(s) will be sited to finalize offered PPA/REA rate.

5. If Prospect Name decides to proceed with a *Wind for Industry* project, One Energy recommends Prospect Name move forward with a Detailed Evaluation. If the PPA/REA delivery method is desired, this Detailed Evaluation is free of charge for Prospect Name. If the CAPEX delivery method is desired, there is a charge of $##,### for the Detailed Evaluation.

The complete details of the Initial Evaluation are included in the exhibits.