



Cape & Vineyard Electric Cooperative, Inc.
Superior Courthouse . P.O. Box 427 . Barnstable, MA 02630
508.375.6648 . www.cvecinc.org

December 5, 2012

Jennifer Rand
Town Administrator
PO Box 278
West Tisbury, MA 02575

Re: Cape & Vineyard Electric Cooperative, Inc. ("CVEC") West Tisbury Landfill Solar Project

Dear Jen:

I am writing to provide clarification regarding the concept of "excess energy" and the roles and responsibilities of CVEC and the Town of West Tisbury ("Town") were the Town to proceed with the proposed ~884 kW West Tisbury landfill solar system ("PV System") and enter into an Inter-Governmental Project Development Agreement ("PDA") and Inter-Governmental Net Metered Power Sales Agreement ("PSA") with CVEC.

It is clear that the PV System will generate energy in excess of the Town's total municipal electric load (even taking into account the added school accounts). For PV Systems smaller than 1MW, the local utility allocates net metering credits to designated electric accounts. In an allocation scenario, CVEC's policy is to make a one-time determination upon the effective date of the PSA as to what percentage share of the net energy produced by the PV System is represented by the Town's total municipal load. For example, if the expected energy production is 100 kWh and the Town's municipal load is 50 kWh, the Town's percentage share is 50%. Using this example, the Town will be responsible for 50% of the energy output and CVEC will be responsible for finding other CVEC members to purchase the remaining 50% of energy output and to provide the Town with the net metering revenue sharing payment documented in the PDA. That is CVEC's risk and responsibility and CVEC will enforce the purchaser's take or pay obligations in those other member agreements. However, if in any given year, the Town's 50% of the output is greater than the Town's municipal load (i.e, the Town drops a municipal account or it was a very sunny year and the PV System produced more than expected), the Town is responsible for that excess energy. CVEC will use commercially reasonable efforts to find other off-takers for that excess (in which case the Town will not be responsible), but CVEC will not absolutely guarantee that it will find off-takers for this excess. However, the risk to the Town that CVEC will not find an off-taker for this excess is very small, for as long as the net metering credit value remains higher than the purchase price under the PSA, another off-taker will be able to take advantage of the savings.

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If the Town proceeds to execute the PSA with CVEC, CVEC proposes that the Town and CVEC enter into an amendment to the PSA no later than 60 days prior to commercial operation of the PV System, to fully document the Town's percentage share of the output from the PV System at that time.

Please let me know if you have any questions regarding CVEC's policy. I understand the Board of Selectmen will meet today to determine whether to proceed and enter into the PDA and PSA with CVEC. Please let CVEC know the outcome of that meeting. CVEC looks forward to working with the Town to develop the PV System.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Margaret T. Downey". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Margaret T. Downey
Clerk, Cape & Vineyard Electric
Cooperative, Inc.

cc: Jeffrey M. Bernstein, BCK Law, P.C.