

AMP Solar Phase II Overview

November 1st, 2016

Business Confidential



AMP SOLAR PHASE II OVERVIEW

Project Overview

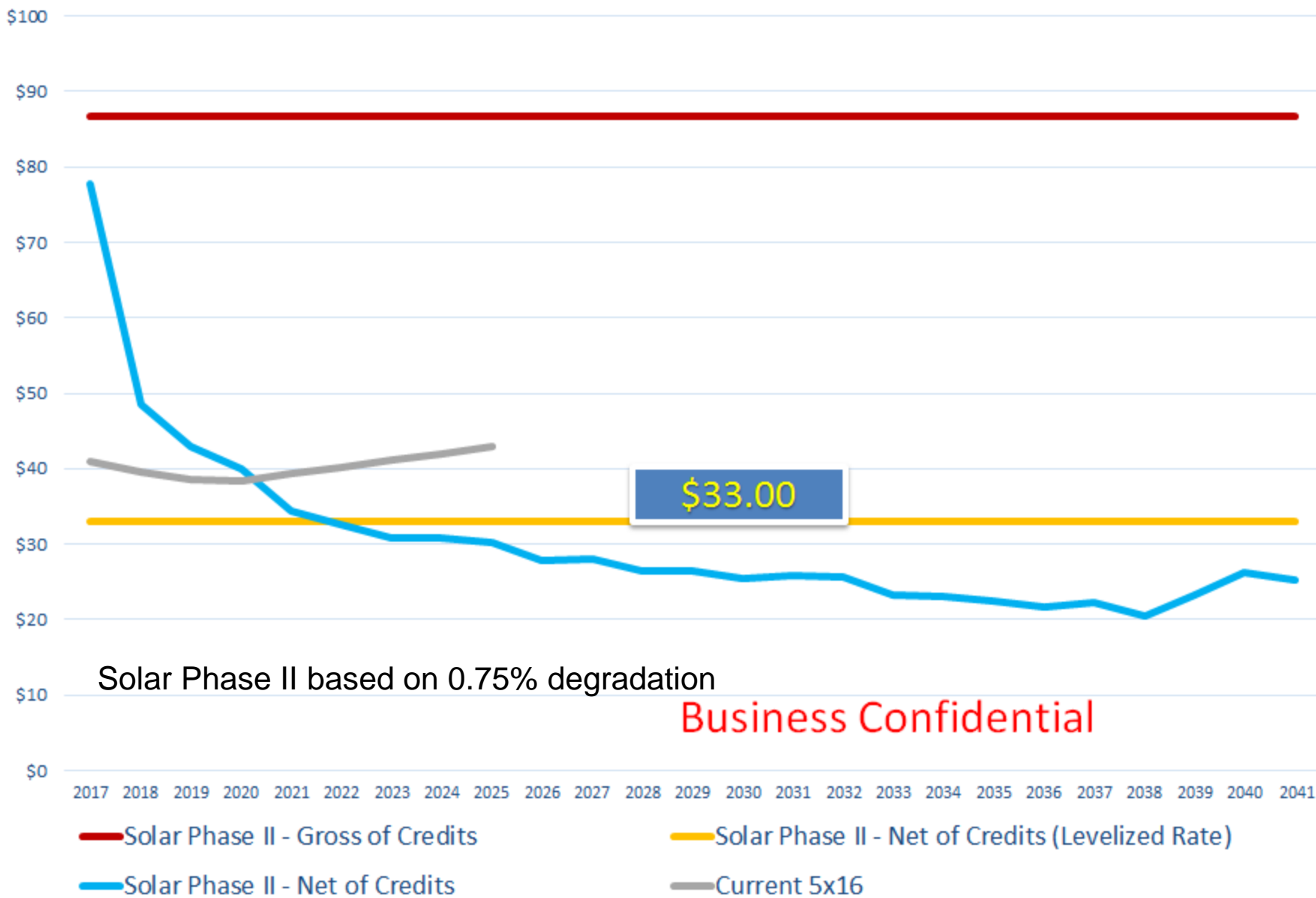
- Power Purchase Agreement between AMP and NextEra's wholly owned subsidiary (DG AMP Solar LLC) for up to 80 MW or more of solar facilities behind members' meters
- NextEra will build, own and operate all solar sites
- AMP will purchase 100% of the output from the solar generation
- AMP will prepay NextEra for a portion of the output
 - AMP will have security lien on the project



Estimated Net Cost of Phase II Solar Energy

- AMP Solar PSC = \$86.80 / MWh
 - SREC sale = (\$8.80 / MWh)
 - Transmission savings = (\$21.00 / MWh)
 - Capacity savings = (\$24.00 / MWh)
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- Estimated Levelized Energy Cost of Solar = \$33 / MWh flat for 25 years

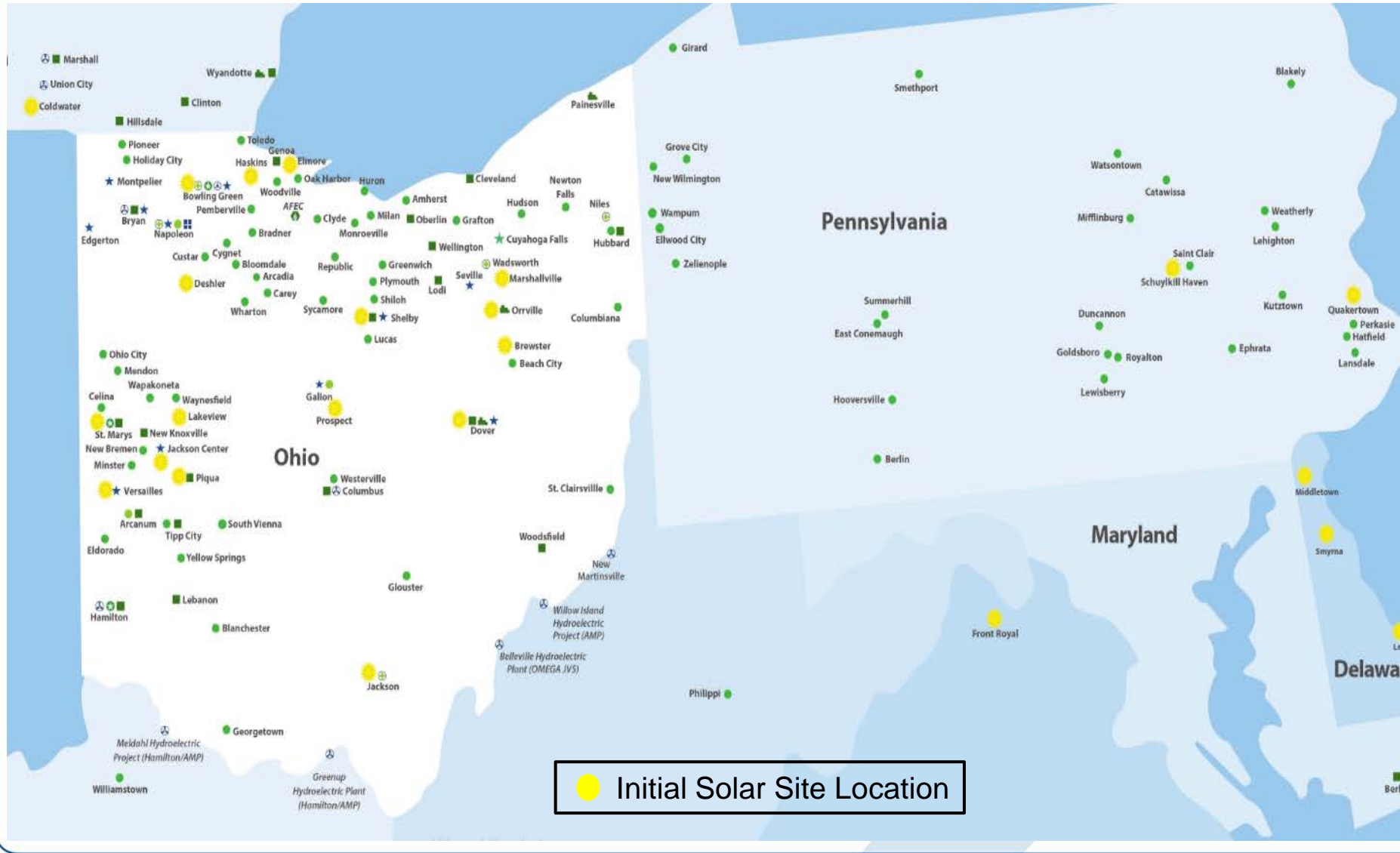
AMP Solar Phase II (\$/MWh Cost to Participants)



Solar Phase II based on 0.75% degradation

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Initial Solar Site Locations



Tier I Sites

- Tier I Sites (25.7 MW)
 - Bowling Green – 20 MW
 - Front Royal, VA – 2.5 MW
 - Coldwater, MI – 1.2 MW
 - Smyrna, DE – 1.1 MW
 - Marshallville, OH – 0.7 MW
 - Prospect, OH – 0.2 MW



- Construction started on Bowling Green site
- Permitting, Detailed Engineering, etc. well underway on others
- Commercial operation date scheduled by end of 2016 or early 2017

Bowling Green Site Construction



Tier II Sites

- 20 sites currently in Ohio, Virginia, Pennsylvania, Delaware
- Tier II Sites to be constructed based on subscription amount (Currently approximately 40 MW subscribed)
- Any additional member sites can still be submitted and will be analyzed by NextEra and would require Participant approval

Small Solar Option

- Participants that have subscribed for Solar Phase II but do not have a location for a site, may request a Small Solar site of 200 kW or less be installed in their community provided that the Participant pays the difference between the fixed cost of the Small Solar site and the fixed costs of the Project sites.



Solar Phase II Rate Projections

- Based on Initial Estimates and Interconnection Costs for all twenty-six Tier I and II sites
- AMP will prepay for a portion of the energy after COD of each site
- AMP will pay NextEra Take and Pay charge of fixed (no escalation) \$10.38 / MWh
 - Charge for “Capacity and Attributes”
- Project/Participants keep 50% of SRECs and 100% of Transmission and Capacity credits

Financing Plan

- Tax Exempt Financing – 25 year term
 - Assumed 4.0% interest rate
 - **Effective levelized (flat) rate of approximately \$86.81 / MWh, before any credits**
 - Assumed 0.75% degradation rate
 - \$85.00 / MWh with 0.50% degradation rate
- Taxable Financing – 30 year term
 - Assumed 5.3% interest rate
 - **Effective levelized (flat) rate of approximately \$88.94 / MWh, before any credits**
 - Assumed 0.75% degradation rate

Delivery of Power (3 types of charges)

- **Energy**
 - Kilowatthours consumed by customers and produced by generators
- **Capacity**
 - Ensuring that there is enough generation available to supply customers during period of maximum usage
- **Transmission**
 - Electric lines connecting generators to municipal system

Behind the Meter Generation

- Solar typically generates during the transmission and capacity peak billing hours
 - This lowers the meter between PJM and the Municipality
- The savings from the lowered meter is then passed back to the Participants of the project
 - Project Participants receive share of peak shaving savings from all sites

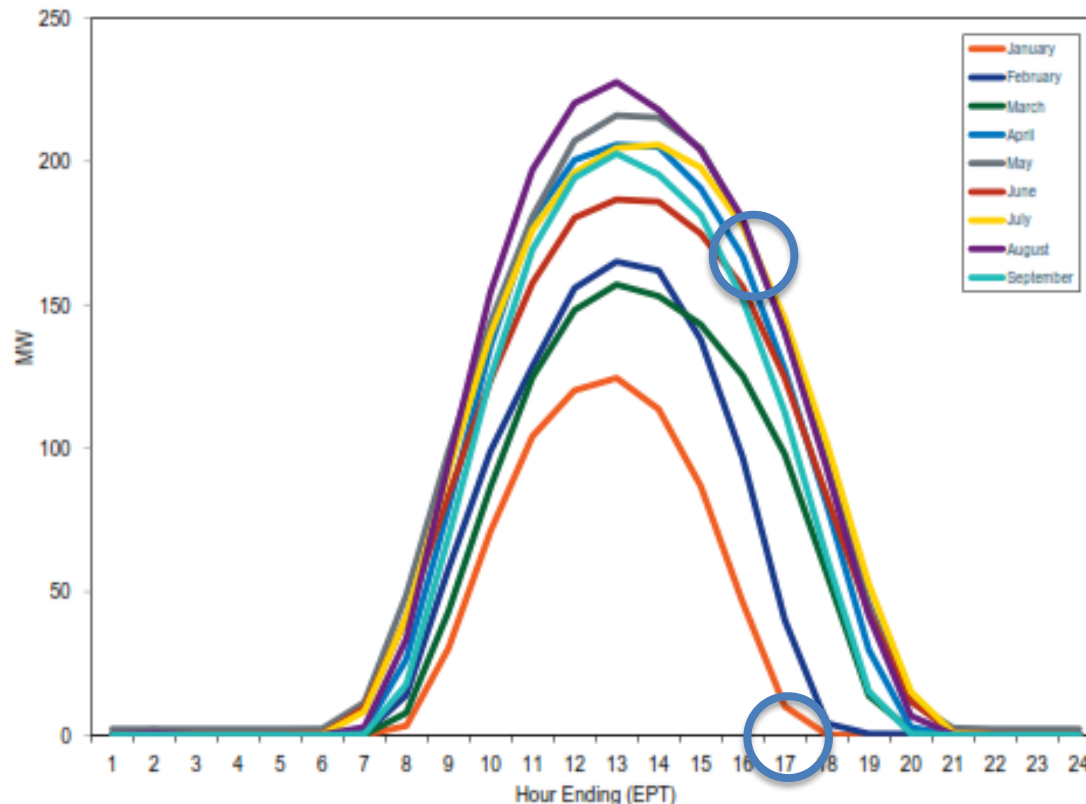


Solar Output Curve

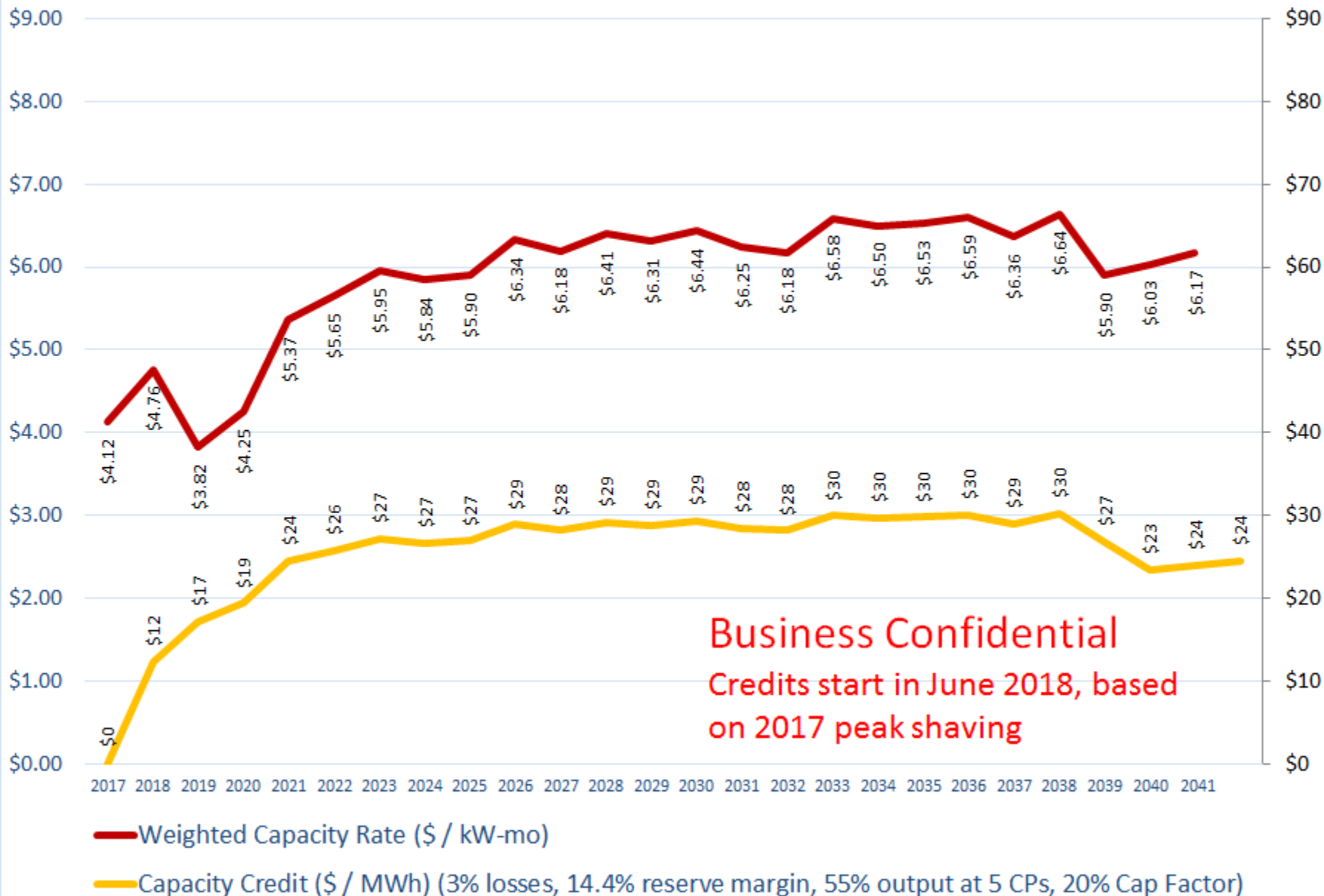
Solar Output is typically at 55% of Maximum at time of Peaks

- Peaks are normally at 5:00 pm EDT in Summer

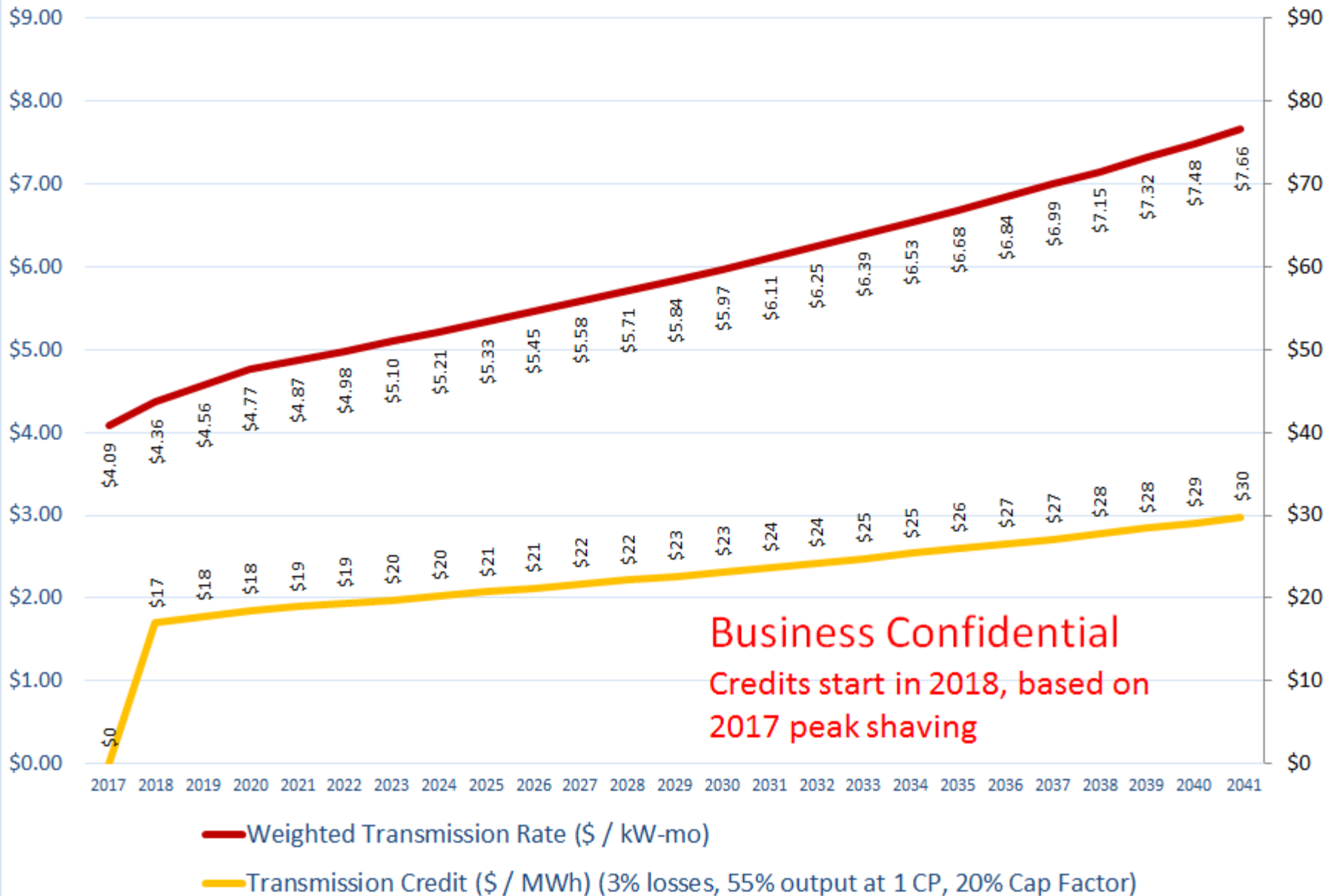
Figure 8-10 Average hourly real-time generation of solar units in PJM:
January through September 2015



Capacity Rate Assumption for Solar Phase II



Transmission Rate Assumption for Solar Phase II



Renewable Energy Credits (RECs)

“Solar Renewable Energy Credits (SRECs)”

A tradable commodity representing 1 MWh of electricity generated by a renewable energy source

A



→ 1 MWh of energy
→ 1 MWh of SREC

B



→ 1 MWh of energy

- A sells SREC to B
- B makes claim as Green/Solar Power

SUMMARY AND NEXT STEPS

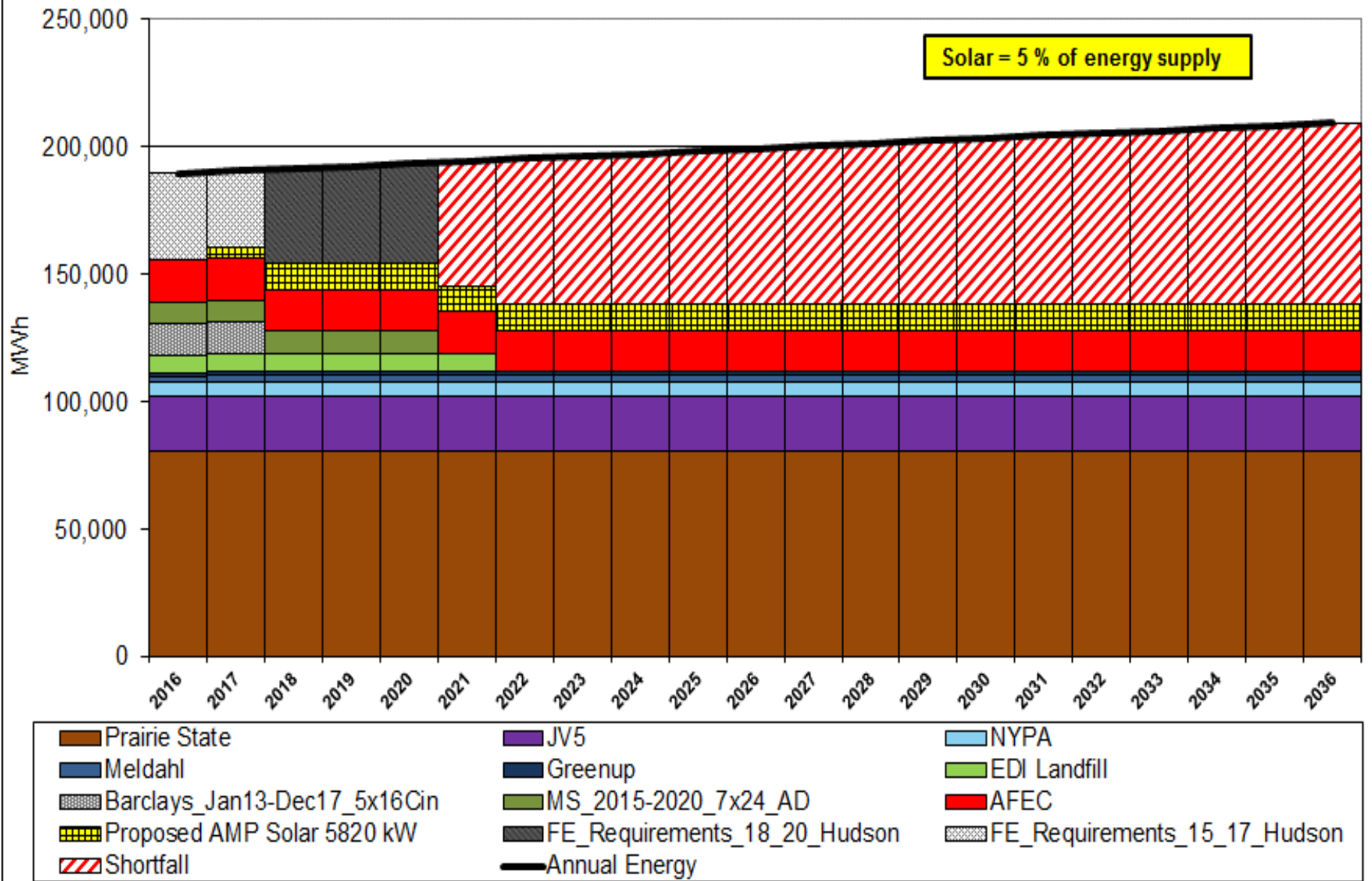
Near-term Next Steps

- Subscription packets to members
 - Sample Ordinance and Power Sales Contract – April 4th
- Tier I Site Construction – August 2016 – 1st quarter, 2017
- Total Project Solar Phase II Subscription Deadline is COD of Bowling Green site: November 1, 2016
- Tier II Site Construction - January – December, 2017

Solar Phase II Recommendation

- Solar Phase II provides:
 - Diversity of locations
 - Hedge against rising capacity and transmission costs
 - Slight reduction to overall power rate
 - Solar subscription recommended by Leidos would make up $\approx 2\%$ of total power costs

Hudson Energy Supply: 0.5% Load Growth



Solar Phase II Project Summary

- *Multiple sites diversifies risks and increases benefits of peaking savings and SRECS*
 - Allows for solar participation without having a site
- Solar provides peaking capacity and transmission savings and SRECs
- Provides energy during the highest priced hours of the day
- Allows for battery storage options

Questions ?

