

Tim Carroll

From: Richard Andre [richard@vineyardpower.com]

Sent: Tuesday, August 16, 2011 3:01 PM

To: Tim Carroll

Subject: Update from Vineyard Power

Dear Tim,

The basic principle of Vineyard Power's proposal to the Town of Chilmark, dated April 22, 2011, was the following:

- 1) The Town would allow Vineyard Power to build a solar array capable of producing approximately 70% of the municipalities current electrical load.
- 2) The Town would have the right to purchase this array at an attractive price in lieu of allowing the Co-operative the use of the Town's property for 10 years.
- 3) The transfer of ownership assumed that the Town would be compensated \$115,000 for the ten year lease period and this would be used to off-set the \$120,000 purchase price of the array. In addition, the town would have to pay \$5,000 at the time of transfer. Note that the \$115,000 is a non-cash transaction and that the total purchase price for the array would be \$120,000.
- 4) During the 10 years of Vineyard Power's ownership, the Town would be kept cost neutral in their electric bills, i.e. no benefit or penalty, and then in years 10 through 25 the Town would receive a benefit of approximately \$30,000 per year. This would represent a savings of approximately 70% of the Town's electric charges.

After my visit with you last week, I have two additional items for your consideration.

- 1) The site appears to be larger than first estimated and it may be possible to construct a larger array capable of producing between 70% - 100% of the municipal load.
- 2) Vineyard Power would be able to offer a financial arrangement by which the Town receives some financial benefit in operating years 1 through 10 in the form of lower electricity cost. However, this would translate into a higher cash transaction at the time the Town exercises its right to purchase the array.

As an example, we can construct an arrangement by which the Town saves up to 10% of their annual current electricity cost each year for the first ten years of operation. In return, at the end of the 10 year period, the Town would have a right to purchase the array for a cash payment of \$35,000 versus the \$5,000 in our original structure.

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