

FAQs

SOLAR POWER PURCHASE AGREEMENT

3/1/23

Blue text = revised since previous version

- Q1. Once the contract is signed what level of participation is expected by the members of the working group who participate in the SPPA?
- A1. It is likely that a new group would be formed, potentially called the Centre County Solar Group (CCSG). It may need to meet quarterly in the first year and then annually thereafter. It could follow a similar model to the cable consortium.
- Q2. After the initial contract with the Retail Services Provider do we have to stay with that provider for the length of the solar contract?
- A2. No, the Centre County Solar Group (CCSG) will have the option to bid out for a different retail service provider at the end of the contract (\approx 3-5 years, *still to be determined*).
- Q3. How will the initial contract with the Retail Services Provider for traditional grid electric work? When that contract expires, will we be on our own to negotiate for the balance of our electricity that isn't locked in with solar?
- A3. The Centre County Solar Group (CCSG) will bid and negotiate on all members behalf a contract with a term for 3- 5 years. There will be two phases of working with the Retailer Services Provider. Phase 1 is the period during the start of the contract and the construction of the solar array. Phase 2 is when the solar array is operational and providing the Group with solar energy. The clock will start when the first organization(s) sign on for traditional grid services and that will determine the end date for all organizations.
- Each organization will have the ability to join with the Retail Services Provider for their traditional grid electricity when their current contract ends or any time prior to the start of solar services being available.
 - Pricing will be variable depending on your start date (markets fluctuate daily/monthly) and your volume of electricity.
 - Any fees related to solar will not be part of the price until the solar array is operational.
 - Each organization will have flexibility in determine how they want the Retail Services Provider to manage their balance of electricity not provided by solar energy, including fixed versus market and the defined time period - up until the end of the groups 3-5 year contract.

Q4. If the post initial contract rates are too high, can we go back to West Penn, Co-Stars, or elsewhere?

A4. No, members will not be choosing their own energy procurement method for the 15-year contract. Every 3-5 years the Centre County Solar Group (CCSG) will bid out and negotiate to determine the best pricing for traditional grid electricity for the group.

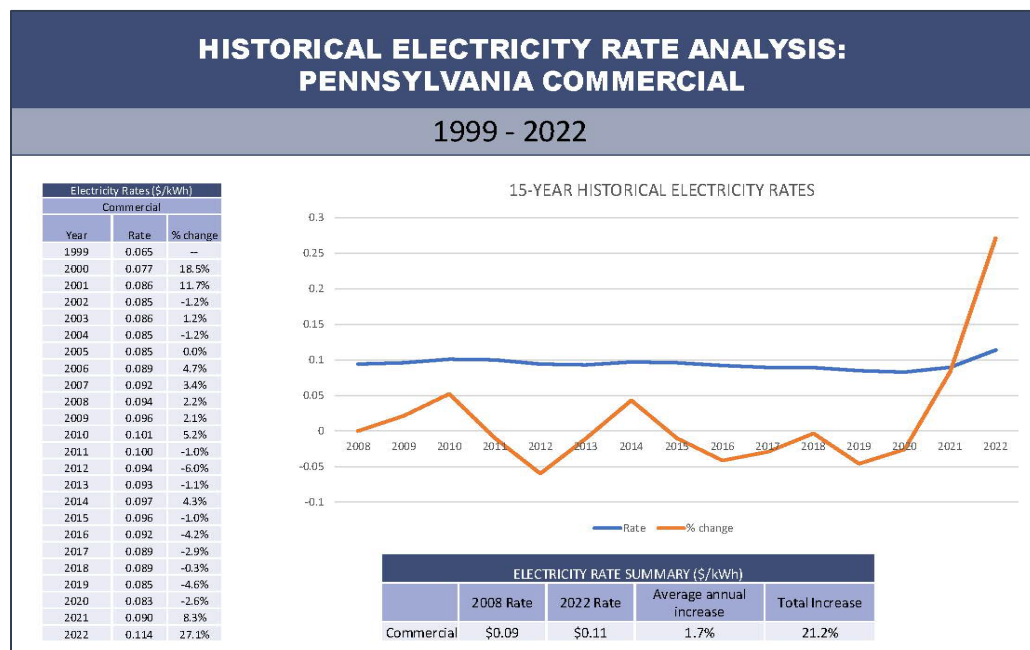
Q5. Is the solar power escalation rate of 1.5% annual or over the length of the contract? How does it work?

A5. It is calculated annually from the first years contracted price. For example, if the contracted rate is \$0.07/kWh the first year then contracted price after 15 years with an annual increase of 1.5% would be \$0.086/kWh. Over the life of the contract rates will increase 23%.

Q6. How has the energy market performed in the past?

A6. Below is data from 1999 – 2022 on the average electricity rates for commercial properties in Pennsylvania. The graph reflects the last 15 years and shows the rate (blue) and % change (orange) each year.

- Rates fluctuate year to year but over time they have increased 21.2% from 2008.
- % Change variation usually is between +/- 5%
- If rates were fixed over the last fifteen years at \$0.093 and applied to our group’s energy usage, the group would have saved \$750,000. The 2008 rate was \$0.094, and the average rate was \$0.094 so to conservatively demonstrate potential for savings \$0.093 was chosen.
- These rates include generation and distribution costs.
- Source for data: <https://www.eia.gov/electricity/monthly/>



Q7. What if an organization wants out of the Centre County Solar Group (CCSG) SPPA in the future?

A7. The CCSG will be contracted for a total MWh amount with the solar developer and each organization will have a contract for its MWh usage. If one organization wants out or to reduce their electricity amount, they can see if any others in the group would be interested in taking over their amount of electricity. If not, each entity is responsible for their amount in the contract for 15-years. It won't be easy to get the solar owner to amend agreements, but it can be done.

Q8. What if an organization wants to put more of its electricity into the SPPA in the future?

A8. The CCSG will be contracted for a total MWh amount with the solar developer and each organization will have a contract for its MWh usage. If one organization wants to increase their electricity amount, they can see if any others in the group need to reduce their amount. It won't be easy to get the solar owner to amend agreements, but it can be done. Otherwise, the CCSG can explore with the developer if they have additional capacity on the current solar project. Other option if there is enough interest is to explore another SPPA.

Q9. What are the terms for the solar array reliably performing?

A9. In the contract there will be generation guarantee for the solar to perform correctly to provide us with the amount that we have contracted for (total megawatt hours). The CCSG will be responsible (potentially with an energy services consultant) to ensure performance. There could be 2 scenarios where the solar array won't generate the amount we've contracted for.

- Equipment Performance: If there is a problem with the equipment it is the solar developer/owners responsibility to fix and cover the difference. So, while we might not get the full amount of solar energy during that time period the developer will ensure our contracted volume amount receives the solar PPA rate. This includes equipment malfunction and damage due to hail/wind.
- Unforeseen weather patterns: If we have an unprecedented cloudy and rainy year and the solar array doesn't perform due to mother nature, then there is no recovery in cost. We will bear the cost difference that needs to be purchased on the traditional grid.
- If the system is destroyed by acts of nature, there is Force Majeure - we are reviewing with legal, but we would likely require them to use an insurance claim to rebuild. They will want the option to terminate. This will be something that would we go back and forth with them.

Q10. Are the solar panels manufactured in China?

A10. We are comfortable saying that the solar developer is planning to use panel *not* made in China.