

DATE: March 7, 2014
TO: LSRHS Solar Project Team
FROM: Erin Sweet (Cadmus)
RE: Follow up, PowerOptions/SunEdison Proposal (LSRHS Solar Project)

Introduction

Cadmus is consulting to LSRHS on the proposed PowerOptions/SunEdison solar canopy project. On February 26, 2014, SunEdison presented at a LSRHS School Committee meeting. Below, we summarize key questions and action items from that meeting.

School Committee and Stakeholder Questions

What is PVWatts/PVsyst?

These are industry-standard tools used to estimate production from solar photovoltaic (PV) systems and prepare preliminary designs. SunEdison has used these tools to estimate annual output.

What is the kilowatt-hour (kWh) production guarantee, and when is this determined?

Per the executed contract between LSRHS and SunEdison, SunEdison is contractually obligated to deliver 90% of the estimated output. The estimated output for each contract year appears in an attachment to the contract. Per the contract between LSRHS and SunEdison, SunEdison is obligated to perform at the specified levels unless, *and only to the extent that*, the failure is due to: “(a) failure, damage or downtime attributable to third parties or Purchaser, (b) equipment failure or delayed repair of equipment due to the claims process with the equipment manufacturer which are beyond the control of Provider, (c) a Force Majeure Event, or (d) acts or omissions of Purchaser of any of its obligations hereunder.” The contractual definition of Force Majeure is:

“‘Force Majeure Event’ means any act or event that prevents the affected Party from performing its obligations in accordance with the Agreement, if such act or event is beyond the reasonable control, and not the result of the fault or negligence, of the affected Party and such Party had been unable to overcome such act or event with the exercise of due diligence (including the expenditure of reasonable sums). Subject to the foregoing conditions, “Force Majeure Event” shall include without limitation the following acts or events: (i) natural phenomena, such as storms, hurricanes, floods, lightning, volcanic eruptions and earthquakes; (ii) explosions or fires arising from lightning or other causes unrelated to the acts or omissions of the Party seeking to be excused from performance; (iii) acts of war or public disorders, civil disturbances, riots, insurrection, sabotage, epidemic, terrorist acts, or rebellion; (iv) strikes or labor disputes (except strikes or labor disputes caused solely by employees of the Provider or as a result of such party’s failure to comply with a collective bargaining agreement); (v) action or inaction by a Governmental Authority (unless Purchaser is a Governmental Authority and Purchaser is the Party whose performance is affected by such action nor inaction). A Force Majeure Event shall not be based on the economic hardship of either Party. Natural phenomena shall not be considered a Force Majeure Event unless such event causes physical damage to the System.” [Emphasis added]

What inputs did Cadmus use to review SunEdison’s savings projections?

Cadmus reviewed SunEdison’s production models and used these kWh figures in our models. We also used independently calculated net metering credit values, and conservative assumptions for net metering credit rate escalation.¹

What happens when technology improves? Will system components be replaced by more modern components?

System components will be replaced with newer equipment where it makes economic sense to do so. Project financing is based on long-term projections of costs and benefits made during the development phase. This is a solar energy services contract; SunEdison must meet their performance guarantee obligation to LSRHS (subject to the periods of underperformance excused by the contract, as noted above) using whatever means necessary.

What is the total installed cost of the system?

SunEdison responded that this was commercially sensitive information. Per the PowerOptions Solar Program, PowerOptions reviews SunEdison’s pro formas; however, it is important to note that PowerOptions receives some monetary benefit from Solar Program projects. For additional information on this matter, contact PowerOptions’ Brian Tracey at 617.428.4263 or BTracey@poweroptions.org.

What is SunEdison’s experience with the tracking trigger mechanism?

SunEdison noted that they have developed 12 projects with tracking triggers in place in Massachusetts.

¹ Before the behind-the-meter system was ruled infeasible by the utility company, Cadmus conducted a third-party review of SunEdison’s demand (kW) related savings and generated our own demand-savings estimates.