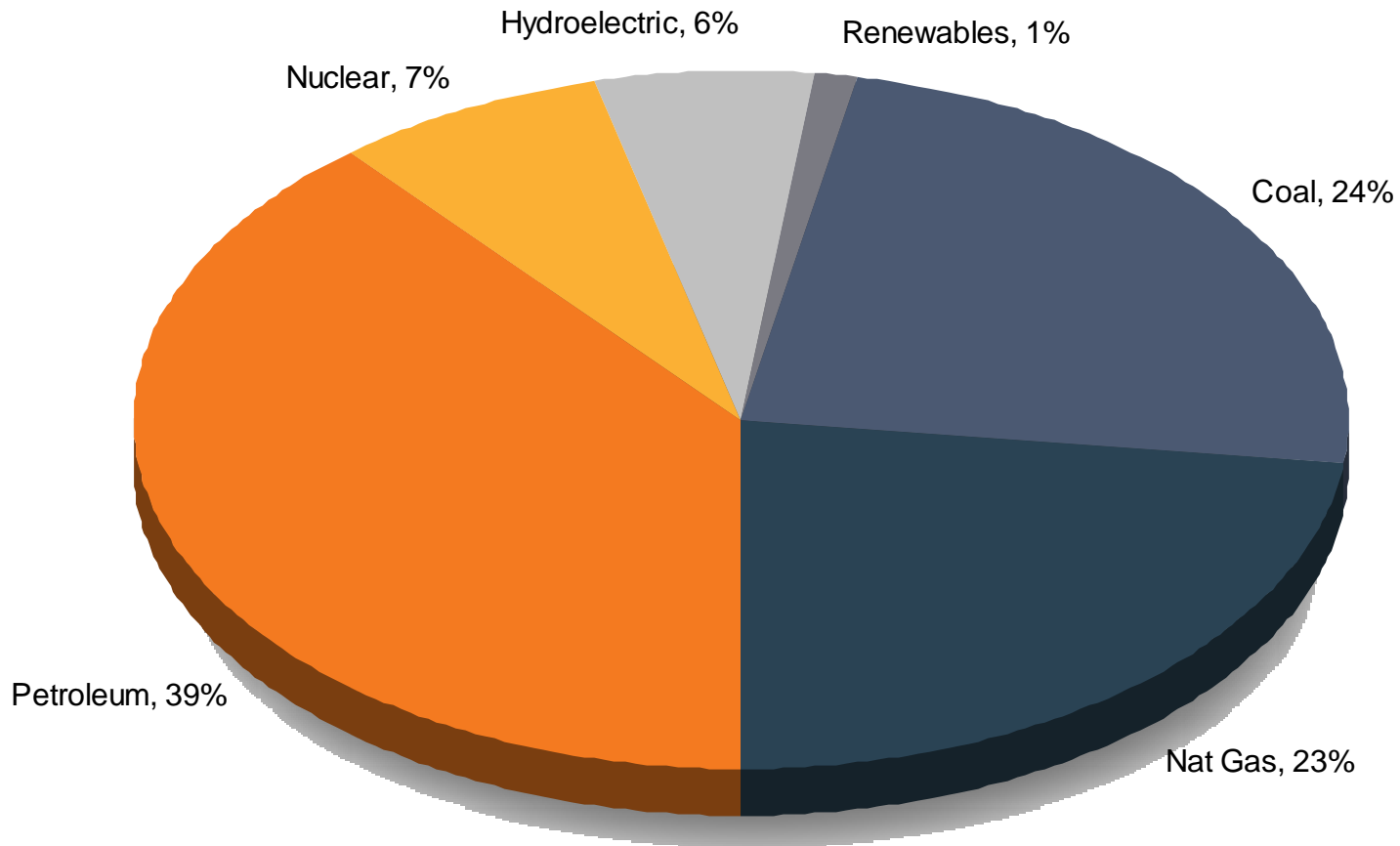




Solar Electricity

For California Cities and Counties

International Energy Consumption

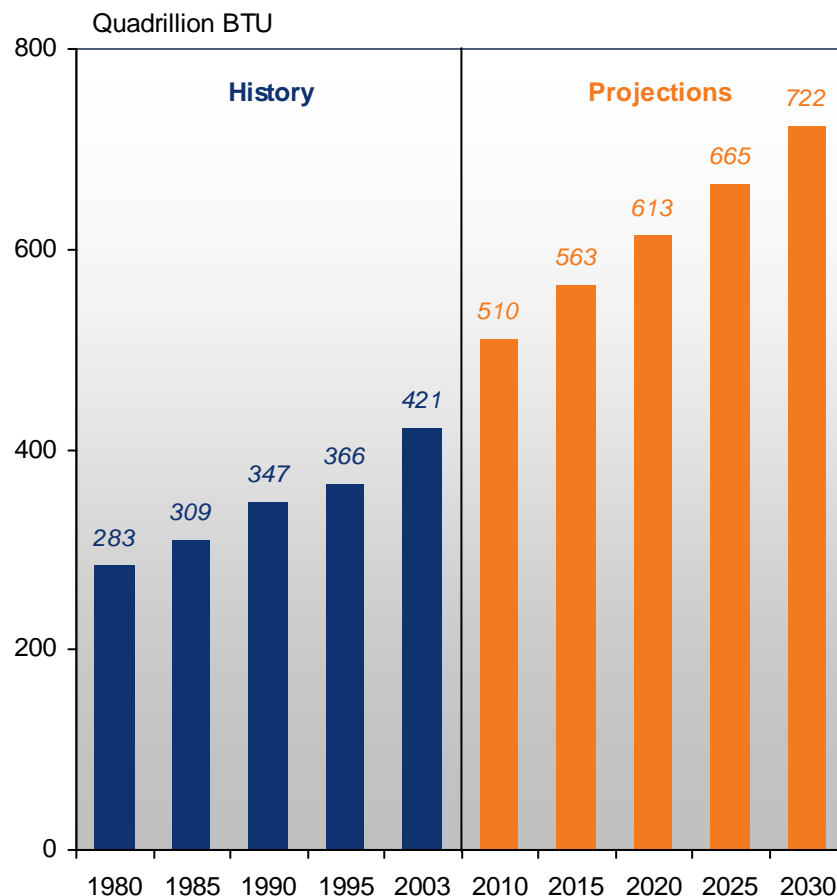


Source: U.S. Energy Information Administration, 2003

Energy Market Trends

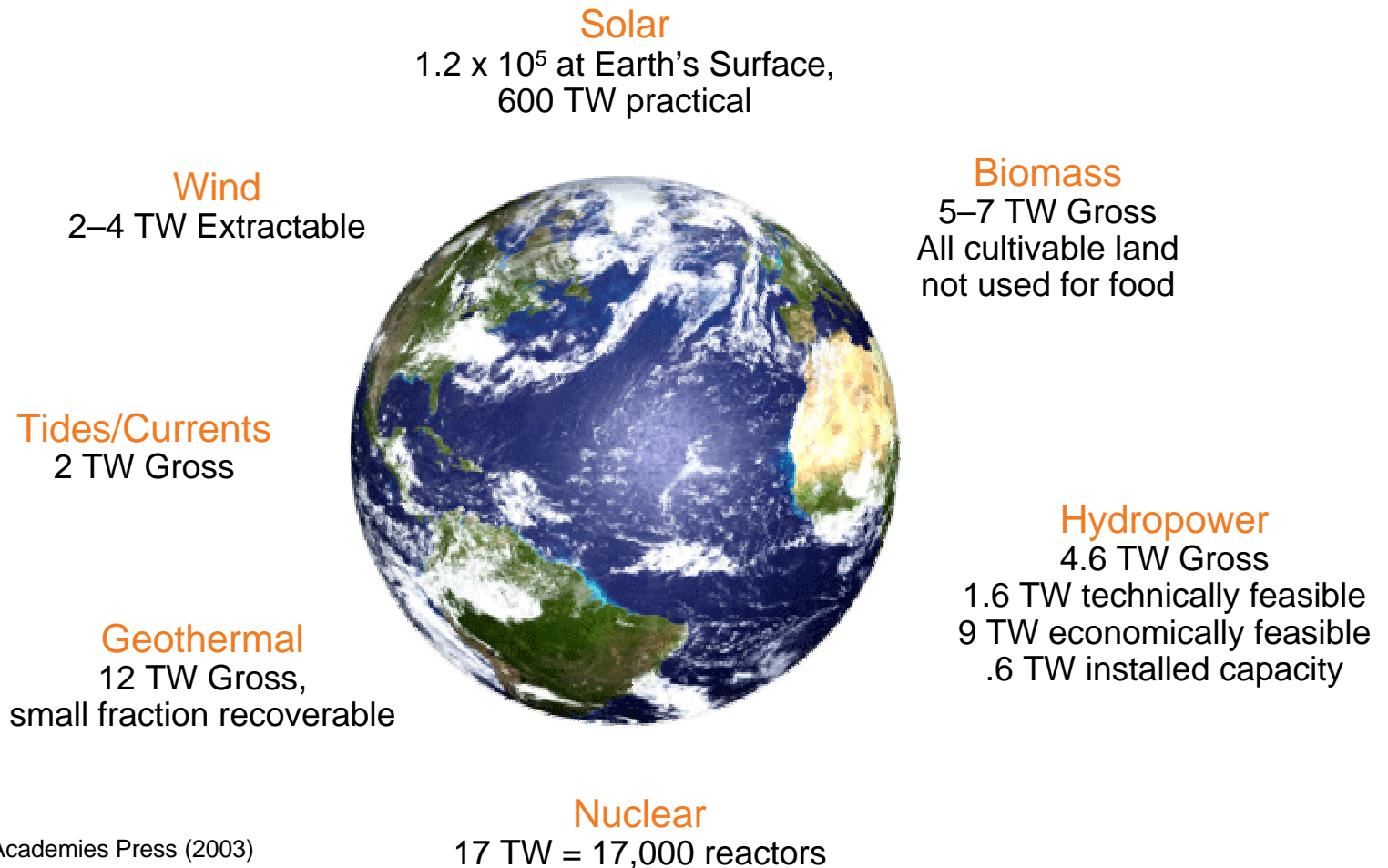
- Demand continues to increase
- Prices are rising (3.5-4.0% annual in CA)
- Energy infrastructure (The Grid) is near maximum capacity during peak times
- Multiple factors are driving demand for renewable energy:
 - Energy Dependence / Security Concerns
 - Environmental / Global Warming
 - Air Quality / Health Impacts
 - Existing / New Regulation
 - Renewable Portfolio Standards
 - AB32 Global Warming Solutions Act
- Combining energy efficiency measures with renewables to improve economics
- Financial solutions key to implementation

World Marketed Energy Consumption, 1980–2030



How Do We Solve the Energy Gap?

~17TW by 2050, ~33 by 2100



Solar Power Benefits

- **CLEAN:** Zero emissions, renewable and sustainable, offsets carbon emissions
- **PREDICTABLE:** Certainty of output provides hedge against electricity price volatility
- **RELIABLE:** Solid-state design, minimal maintenance, constant fuel supply
- **DURABLE:** 30 year design life, 25 year manufacturers warranty
- **PROVEN:** Thousands of megawatts and decades of measured performance
- **HIGH PROFILE:** Showcases leadership and environmental stewardship
- **COST EFFECTIVE:** Rebates and tax benefits make solar PV cost competitive with utility rates
- **THE ELEGANT ENERGY SOLUTION!!!**



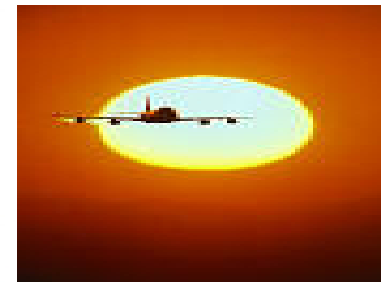
Solar Power Challenges

- California Solar Initiative rebate levels are declining rapidly
 - First decrease in rebate level occurred in only 2 months!
- System design and actual output performance is most important factor
 - Rebates tied to system output over 5-year period vs. installed capacity
- Public Agencies do not qualify for lucrative Private Sector tax incentives
 - 30% Investment Tax Credit
 - 5 Year Accelerated Depreciation
- Traditionally has required high up-front capital investment
- Procurement process is lengthy and resource-intensive

| Step | MW/Step | Residential | Commercial | Non-Tax |
|----------|------------|---------------|---------------|---------------|
| 1 | 50 | n/a | n/a | n/a |
| 2 | 70 | \$0.39 | \$0.39 | \$0.50 |
| 3 | 100 | \$0.34 | \$0.34 | \$0.46 |
| 4 | 130 | \$0.26 | \$0.26 | \$0.37 |
| 5 | 160 | \$0.22 | \$0.22 | \$0.32 |
| 6 | 190 | \$0.15 | \$0.15 | \$0.26 |
| 7 | 215 | \$0.09 | \$0.09 | \$0.19 |
| 8 | 250 | \$0.05 | \$0.05 | \$0.15 |
| 9 | 285 | \$0.03 | \$0.03 | \$0.12 |
| 10 | 350 | \$0.03 | \$0.03 | \$0.10 |

Solution: Go-Solar Program

- About California Statewide Communities Development Authority (CSCDA) or (California Communities)
 - Joint powers authority sponsored by:
 - California State Association of Counties
 - League of California Cities
 - Provides innovative, low-cost, tax-exempt financing programs for its membership
 - Infrastructure: Airport upgrades, water facilities
 - Essential Equipment: Fire trucks, police cars
- In response to increasing member inquiries, California Communities created the 'Go-Solar' Program
 - Organized a competitive Request for Services process soliciting responses from solar installers
 - PowerLight was selected to provide installation of solar facilities for the Go Solar program



Go-Solar Program Team



- California Communities (CSCDA)

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- PowerLight

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- California State Association of Counties

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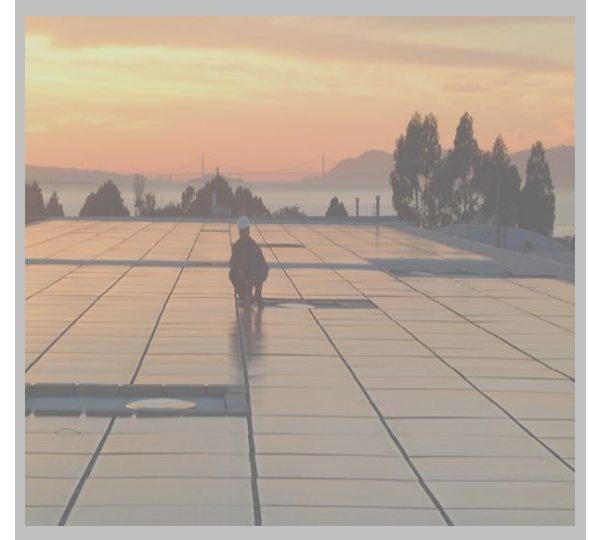
Go-Solar Objectives

- Meet constituent demands for green power
- Fix electricity costs as price volatility hedge
- Reduce financial barriers to participation
- Leverage available private sector tax benefits
- Eliminate ownership risks
- Leverage existing California Communities programs to streamline procurement process
- Combine with Energy Efficiency measures to maximize savings



Go-Solar: How the Program Works

1. Private sector company installs solar system on local public agency site
 - Company receives CSI rebates over 5 years
 - Company takes tax benefits over 5-7 years
2. Public agency pre-pays 20-25 years of electricity output at a fixed price
 - Pre-payment is a fraction of actual system cost
 - Pre-payment is funded with low-cost public financing through California Communities
3. Company becomes your on-site 'green' utility for the duration of the agreement
 - Company guarantees 100% of output
 - Company handles operations & maintenance
4. Public agency receives clean, renewable energy
 - No ownership risks & responsibilities
 - Fixed cost hedge against price volatility



Public Sector Financing Options

| | |
|--------------------------|--|
| Bond/Municipal Finance | Best option if government entity has available capital through an existing bond or other long-term financing mechanism, such as a tax-exempt municipal lease (Traditional Muni Financing) |
| Power Purchase Agreement | Public agency commits to purchase power (kWh) at fixed prices from a solar power system sited on its property for specified length of time; takes advantage of tax credit through 3 rd party investor; (“Pay-as-you-go” PPA) |
| Go Solar Program | Hybrid financial structure where public agency <u>pre-pays</u> for a fixed amount of power (kWh) at a fixed price; pre-payment allows for substantial discount from 3 rd party investor; pre-payment funded through municipal financing structure; (Go-Solar Program) |

Getting Started with Go-Solar

1. Submit a Program Enrollment Form
 - Visit: www.cacommunities.org
 - Select: [Go-Solar Program](#)
 - Download: [Enrollment Form](#)

2. Identify potential project sites and utility information
 - Usage: 750,000+ Annual kWh
 - Roofs: 50,000+ square feet
 - Open Space: 2.5+ acres
 - Parking Lots: 350+ parking spaces

3. California Communities will contact you for a Feasibility Assessment



Go-Solar Contact Information

- www.cacommunities.org
- Terrence Murphy
- California Communities
- (925) 933-9229 ext. 223

- Paul McMillan
- PowerLight Corporation
- (310) 686-1264

