

***Cape & Vineyard Electric
Cooperative, Inc.***



Background

- Benefit municipalities through GCA net metering provisions for renewable energy projects
- Stabilize electric rates for all ratepayers with renewable energy projects
- Develop renewable energy projects
- Public policy



Formation of the Cape & Vineyard Electric Cooperative

- Examined alternatives in 2006
- Organized on September 12, 2007
- Three initial members: Cape Light Compact, Barnstable County and Town of Barnstable
- Four towns (Aquinnah, Edgartown, Provincetown and Tisbury) authorized Selectmen to negotiate joining CVEC in Spring 2008
- Three towns (Bourne, Brewster and Dennis) set to vote at Fall 2008 Town Meeting
- Spring 2009 Town Meeting votes proposed for Harwich, Sandwich and Truro
- Private Letter Ruling Request from the IRS submitted on December 22, 2007
- Private Letter Ruling issued June 9, 2008



Summary of IRS PLR

- The IRS has recognized that the Cooperative has tax-exempt status as a governmental entity under federal tax law.
- The Cooperative is eligible to receive tax-deductible charitable contributions.
- The Cooperative is eligible to issue tax-exempt local bonds.



Benefits of Joining the Cape & Vineyard Electric Cooperative

- Financing large scale renewable energy projects will not affect Member Town's individual debt obligations
- Cooperative supported by the financial commitment of MTC's Community Wind financing package
 - Long term REC contracts at \$40/REC
- Professional and technical expertise (\$\$) in the energy field
- Central contract for engineering, procurement and construction; operation and maintenance; and general administration



Benefits of Joining the Cape & Vineyard Electric Cooperative

- Lower cost financing (Rural Utilities Service, CoBank, Cooperative Finance Corporation, potential financial backing with renewable energy trust funds)
- Electric Cooperative structure generally limits member liability exposure to member pledge or capitalization
- Benefits of net metering law will bring financial savings to towns and consumers
- Develop projects that will benefit all ratepayers



Cape & Vineyard Electric Cooperative Potential Projects

- The following land based wind projects are in various stages of feasibility study:
 - CVEC, up to two 1.5 MW wind turbines
 - Town of Brewster, up to two 1.5 MW wind turbines
 - Town of Harwich, one 800 KW wind turbine
 - Town of Aquinnah, one 1.5 MW wind turbine
 - Bourne, two 1.5 MW wind turbines



Structure of Power Purchase Agreements

- With the Host Member Town
 - The Cooperative will sell up to 90% of the power from a project to the Host to net meter its municipal load
- With the Compact
 - The Cooperative will sell 10% of the power from each project to the Compact to benefit all ratepayers
- With other Member Towns/Counties
 - The Cooperative will sell any remaining power on a *pro rata* basis to its other Members



Next Steps for Cape & Vineyard Electric Cooperative

- Informational meetings with Selectman and members of the public
- Town meeting vote
- Town Adopts Articles of Incorporation and Bylaws for the Cape & Vineyard Electric Cooperative

