



Questions & Answers: Several major issues have arisen during the development of this project. In an effort to inform the basic review of this contract, the following set of questions and answers are provided to address these concerns and provide the information required to fully appreciate the complex, yet beneficial, effort.

- Is this a lease?
 - No, it is similar but not intended to convey ownership, maintenance, or risk to the District as found in most leases.
- Why is it not a lease?
 - In addition to the above, by preserving the performance contract/power purchase agreement structure, Revolution is able to access tax-based incentives that the District cannot. Section 7701(e)(4) of the Internal Revenue Code provides for the requirements that must be met for an agreement to qualify as a service contract. A service contract/power purchase agreement permits Revolution to lower the cost of the project and increase the savings to the District by accessing the tax incentives.
- What is the benefit of calling it a “service contract”?
 - Risk to the District is minimized, tax incentives are capitalized and Revolution is responsible for insuring performance of the equipment and savings of the contract. If this agreement were considered a lease, Revolution would not be able to access the tax incentives.
- How does Revolution Energy make its money?
 - A portion of the annual payment includes deferred development fees. These fees pay Revolution for the work in advance of the project. These fees are not fully paid until the end of the contract, further insuring performance for the District. Additional revenues will come from the sale of Renewable Energy Credits and Capacity Payments.
- What is a REC and why does Revolution Energy get to keep them?
 - A Renewable Energy Credit, or REC, is a quantity of power, usually 1 Megawatt Hour (MWh) evidenced by a certification process resulting in a certificate or Credit. The Credit has value in markets where renewable energy is required, New Hampshire is accelerating its own renewable energy requirement to 25% in 2025. Each year more renewable energy is required to be produced. If utilities cannot install their own systems, they can buy “Credits” evidencing the actual connection of the renewable energy. This is a market-based incentive to promote this project.
 - Revolution Energy will use these revenues as part of our company’s operational revenue. The REC prices are highly variable and speculative and too difficult to predict for the purposes of a contract. Contracts where RECs inure to the host are always priced higher



- Will the turbine provide back-up power?
 - Yes, Revolution has added the dual mode unit to the turbine. The switch over in an outage requires a complete disconnection from the grid and a new start, but the circuits connected will be supported by UPS systems or will be part of the heating system to insure long-term protected power supply and heat for the facility.

- Will the solar array provide back-up power?
 - No, the variability of the solar output is meant to be a supplemental system. Back-up systems with solar require huge battery banks and massive maintenance expenses. The existing back-up generator is more than adequate for the Exeter High School.

- What role can the students play in the installation?
 - We are working with the SST programs to get students involved in the installation of the microturbine and the solar array. We have initiated our curriculum development and have begun working with the administration and faculty but cannot proceed until the contract is signed and completed.

- What is the role of education after the installation?
 - Revolution views the educational component of this project to be one of the most critical aspects of the project. Students will be able to access real-time and cumulative data from the systems that quantify outputs, performance and environmental and economic benefits. Math, science, and social studies-based modules can be built around this project. These modules can be developed and delivered through the District's moodle system. The goal is to create a multi-layered cross-curricular delivery that can follow students through the entire career at the District learning about different aspects as the progress through the grades.

- What happens if Revolution goes away?
 - In the unlikely event that Revolution cannot complete its obligations, a new company, with the agreement of the District and the financing institution, can insure the maintenance is kept up to date and complete the terms of the contract. The RECs will become the property of the District and the maintenance contracts can continue undisturbed since the funds for these contracts come from the annual payments.

- Why would the bank want the contract to continue?
 - The bank receives its return from the contract. The sale of the equipment is complicated and would result in a one-time only transaction. The contract, in place, provides stable income to the bank to pay the loan and continues to provide the benefits to the District.



- Will the equipment be maintained by the bank – what do they know?
 - The maintenance obligations and contracts will be in place as a result of the contract payments. They will continue to be paid and honored even if Revolution is no longer a part of the arrangement.

- Why is ownership of the equipment at the end of the contract good for the District?
 - Based on the Department of Energy projects for fuel and electricity prices over the next decade, this system will be saving the District over \$250,000.00 per year. By taking ownership, the District will receive these benefits in their entirety.

- Why can't we buy the equipment for a dollar like other leases and what other costs are there?
 - This is not a lease – see the first set of questions. The tax benefits driving this project have additional requirements, one of which requires the system to be conveyed at market-value. Recently, the IRS has release guidance that indicates that it is permissible to negotiate a reasonably predicted price in advance for proper end of contract planning and this has been included in the contract.
 - The State DOE has also indicated that system purchase would be eligible for building aid.
 - We have deducted the cost of moving the system for roof replacement from the price to reflect the increased cost in labor to make the District whole as a result of the system's placement.

- Is this debt?
 - No, the required non-appropriation clause is present in the contract. If the District does not appropriate sufficient funds for the contract in a year, the contract ceases. We have developed options (which are only *optional*) that will allow the District to continue using the output of the equipment but not benefit from the contract's other provisions. This preserves the non-appropriation intent, suspends the contract, but avoids a significant expense from having to remove or replace the equipment with higher-cost energy sources. The goal is to restore the contract in the next year following an effort to educate those involved about the benefits of the system.

- Do we need a District Vote for this project?
 - No. This a year to year contract and not debt (see above). There are no conveyances of rights in property, the contract provides obligations for the installation of equipment in specified locations and Revolution will meet these requirements for installation and maintenance under the terms of the contract.



- If this is such a good idea, why isn't everyone else doing it?
 - In short, they are. Many other states in the nation are developing huge amounts of power projects under incentive programs and in many cases are focusing on and supporting these arrangements. Since New Hampshire has no state-based incentives, we have fallen behind the curve. Ontario Canada is now home to the 4th largest amount of solar in all state and provincial jurisdictions in North America. New Jersey has had the greatest growth in solar installations in the country and many of these projects are on schools. Projected growth of solar in China alone is expected to reach 20,000 MW by 2020 (that's the equivalent of 12 Seabrook Nuclear power plants).