



CHERRY STREET ENERGY

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CHERRY STREET ENERGY

A Renewable Energy Provider

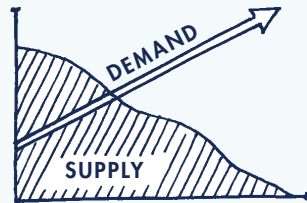
Who We Are

Global electricity demands have changed the way electricity is delivered and consumed.

Market Context



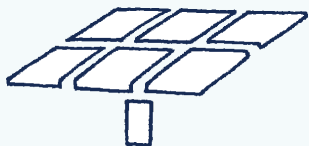
CONVENTIONAL ELECTRICITY
Dependence on fossil fuels is changing the earth's climate



LIMITED SUPPLY
Non-renewable sources of energy are unable to meet continued demand



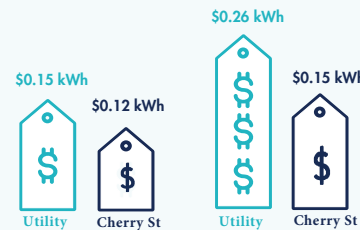
RISING ELECTRICITY COSTS
Commercial rates in GA have increased 50% since 2004



SOLAR
Harness the sun to generate clean and local electricity



UNLIMITED SUPPLY
Choose a renewable energy source



FIXED RATE
Establish lower, predictable energy costs for the long term



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HOUSE BILL 57

The Solar Power Free Market
Financing Act of 2015

Signed into law on July 1, 2015.
Amends the Territorial Electric
Service Act of 1973, allowing for
Third Party Ownership of solar in the
state of Georgia.

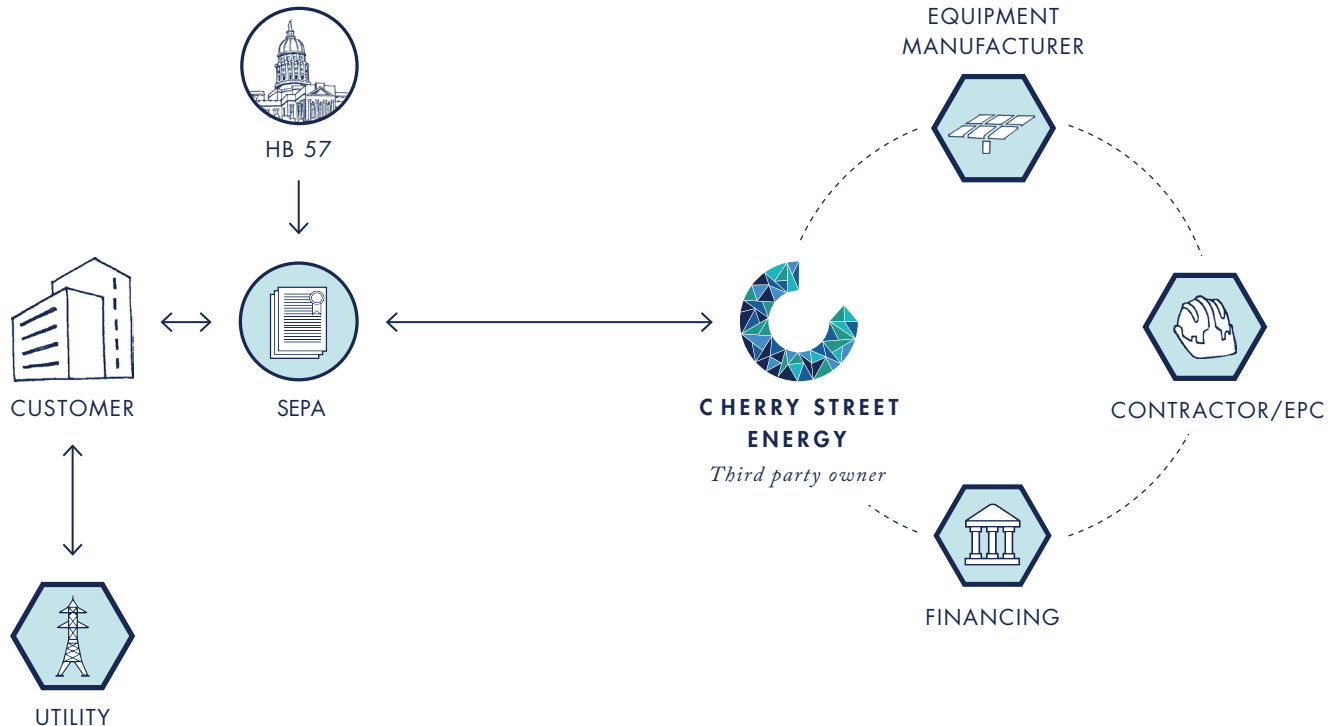
*Georgia is the first state in the southeast and the
25th state in the nation to allow for Third
Party Ownership of Solar*

SEPA

Solar Energy Procurement Agreement
Commonly called a PPA in other states.

A long term agreement in which the
customer (off-taker) buys power at a
negotiated SEPA **rate** (\$/kWh) for a
specified SEPA **term** without taking
ownership of the system.

A Third-Party owns the system and is
responsible for all permitting,
installation, maintenance, and
decommissioning.



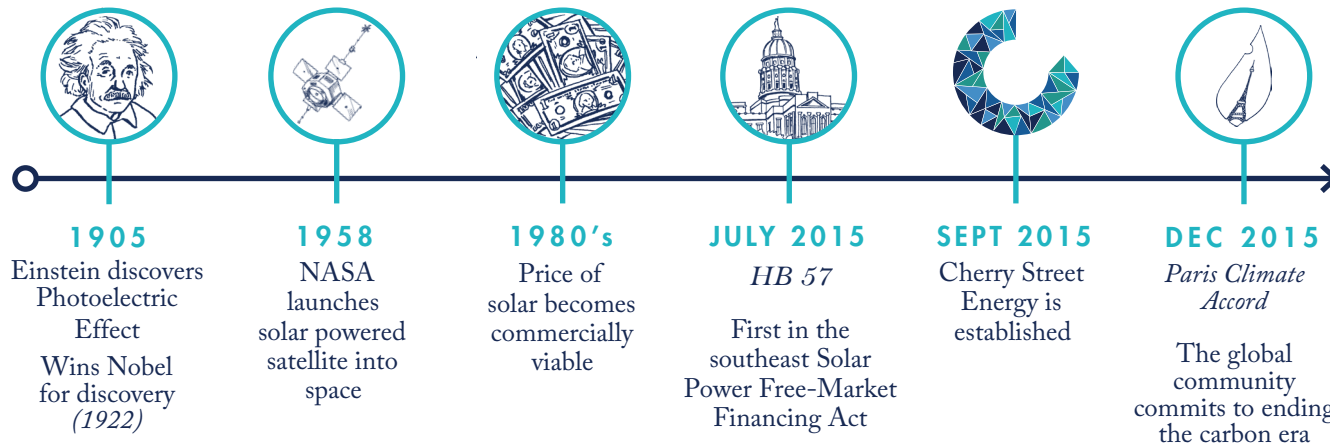
Changes in GA's Energy Market



CHERRY STREET ENERGY

A BRIEF HISTORY

Solar power is a long-valued, reliable energy solution



About Solar

OUR MISSION

Do Good and Do Well

DO GOOD

- Offer customers a **local energy choice**.
- Simplify the switch to solar by providing a fully integrated, **turn key solution**.
- Contribute to a **healthier future**.

DO WELL

- **Reduce** our customer's energy bill.
- Provide continued technological **innovation**.
- Implement a business model with **proven, repeatable, and scalable** results.

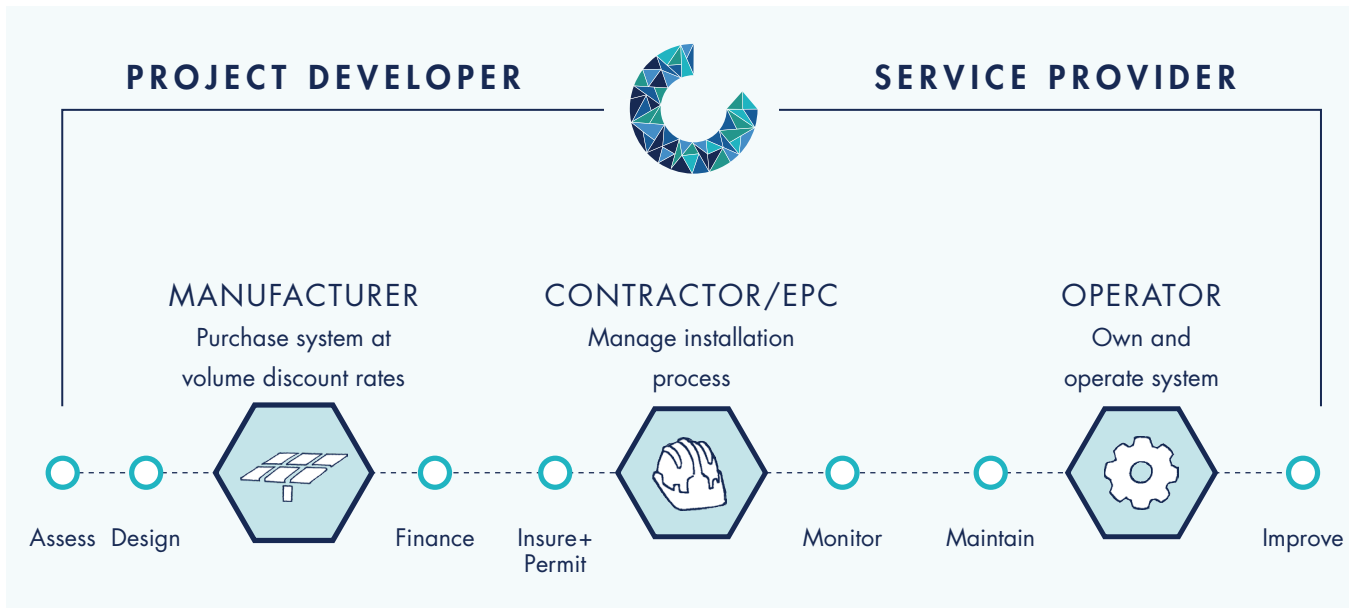
Why We Do It



CHERRY STREET ENERGY

A FULLY INTEGRATED TURNKEY SOLUTION

How We Do It



ASSESS

- Site evaluation
- Energy audit

DESIGN

- Structural analysis
- Engineering; electrical specifications
- Solar layout

FINANCE

- Cover upfront costs of installation

INSURE + PERMIT

- Obtain necessary permits and insurance

MONITOR

- 24 hours online system monitoring
- Performance monitoring

MAINTAIN

- Manage system warranties
- Maintenance
- Repair

IMPROVE

- Safeguard against obsolescence by offering continual innovation



CHERRY STREET ENERGY

CLEAN, MORE AFFORDABLE ENERGY

Solar bill paid monthly, just like utility bill...only at lower cost

VALUE TO CUSTOMER



SAVINGS

Immediate reduction in energy bill with increased savings expected over time.

SIMPLICITY

Source, install, and produce clean energy, for you.

STABILITY

Budgetary certainty; hedge against future electricity price increases.

VALUE TO CHERRY STREET



RELATIONSHIPS

20+ year customer relationship.

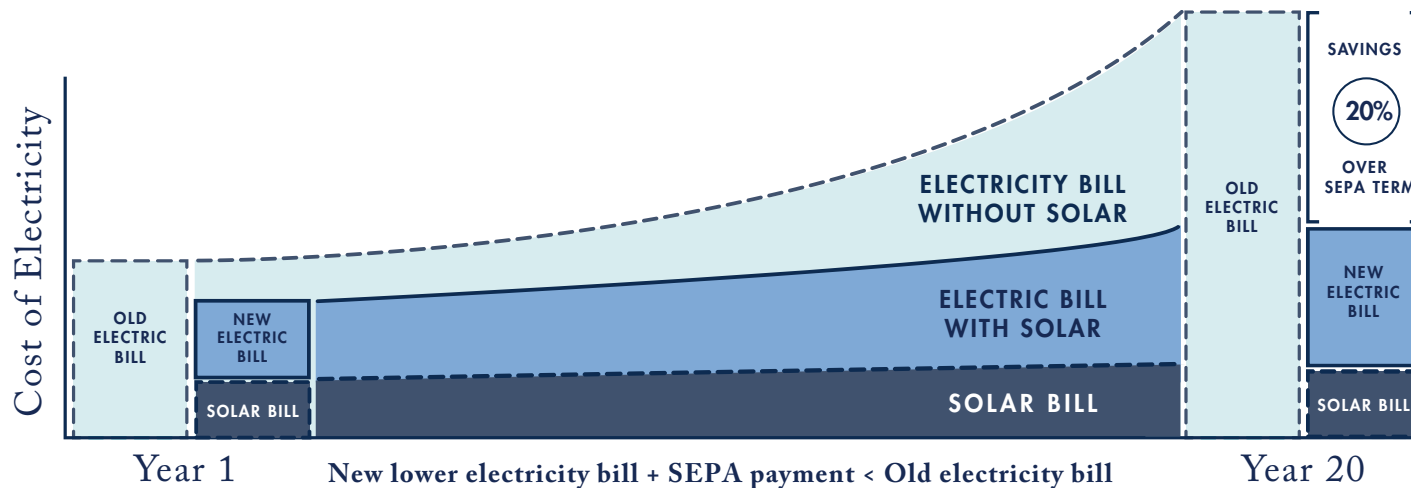
RETURNS

Recurring predictable cash flow.

LEADERSHIP

Be a leader in Georgia's transition to renewable energy.

The Value Proposition



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Appendix



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FAQ's

How do photovoltaics work?

Sunlight on photovoltaic (PV) modules/solar panels produces direct current (DC) electricity which is converted to alternating current (AC) by a device called an inverter, which is then wired into your main service panel where it feeds your internal power grid.

How long will PV modules last?

Generally, 25+ years. These modules also have manufacturer warranties. In 2003, BP Solar published the results of their analysis of warranty claims and reported that of more than two million modules in service over nearly ten years, approximately one-tenth of one percent were reported faulty, noting “this represents one module failure for every 4,200 module-years of operation.” Put another way, if your system has one thousand modules, you may experience the failure of ten modules in 40 years.

How do you determine how large a system I'll need?

The size of the system is usually directly proportional to the amount of power you use. As part of the proposal process Cherry Street Energy will perform a site assessment and analyze at least twelve months' worth of utility statements.

What happens on dark/cloudy days?

Unlike the early days of solar power when systems had to be sized for peak loads, a grid-connected PV system seamlessly switches to draw from the utility grid when needed. As such, Cherry Street Energy uses an annual production target, averaging out sunnier days with cloudy days.

How much weight will this put on my roof?

PV systems typically weigh no more than 3-4 lbs/sq ft, and most roofs can accommodate 2-3 times that amount of 'dead load' weight and your specific roof load capacity will be taken into account with our proposed design.

What are the maintenance procedures?

Solar PV systems are solid state technology, have no moving parts and require no maintenance beyond cleaning, which can typically be done with a garden hose. Most systems should be cleaned 2-4 times a year, concentrated in the drier seasons. Inverters are also solid state and require little to no maintenance beyond regularly checking the cooling fan outlets and cleaning when necessary. Mounting hardware is either aluminum or stainless steel and is rust-proof.



ROOF MOUNT



GROUND MOUNT



PARKING CANOPY



Sample Solar Installations



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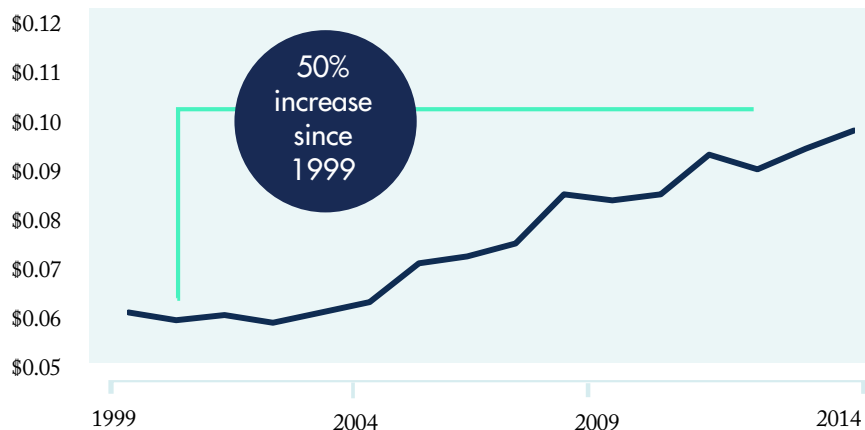
Across industries, America's business leaders are choosing solar to improve their bottom line and prepare for the future.

Solar Adopters



HISTORIC

GA Commercial Rates (cents/KWh)



FUTURE

Rates Continue to Rise

PUBLIC COMPANY

Publicly traded companies have stated financial commitments to shareholders.

ENVIRONMENTAL REGULATIONS*

Costs of Clean Power Plan: GA must reduce emissions by 34% by 2030.

- \$830 Million: Increased production costs and insufficient reserve margins.
- \$485 Million: Covers the impacts to fuel program and the retirement of 4,000MW of fossil fueled units.
- \$70 Million: Transmission Projects

PLANT VOGTLE

Construction of two new units. Costs passed on to customers.

- Three years behind schedule with no tentative completion date.
- \$3 Billion over budget.

COAL

Scheduled decommissioning of plants.

- Plant Mitchell
- Plant Kraft

INFRASTRUCTURE

Investment in aging grid.

- Power Lines
- Substations
- Distribution Centers

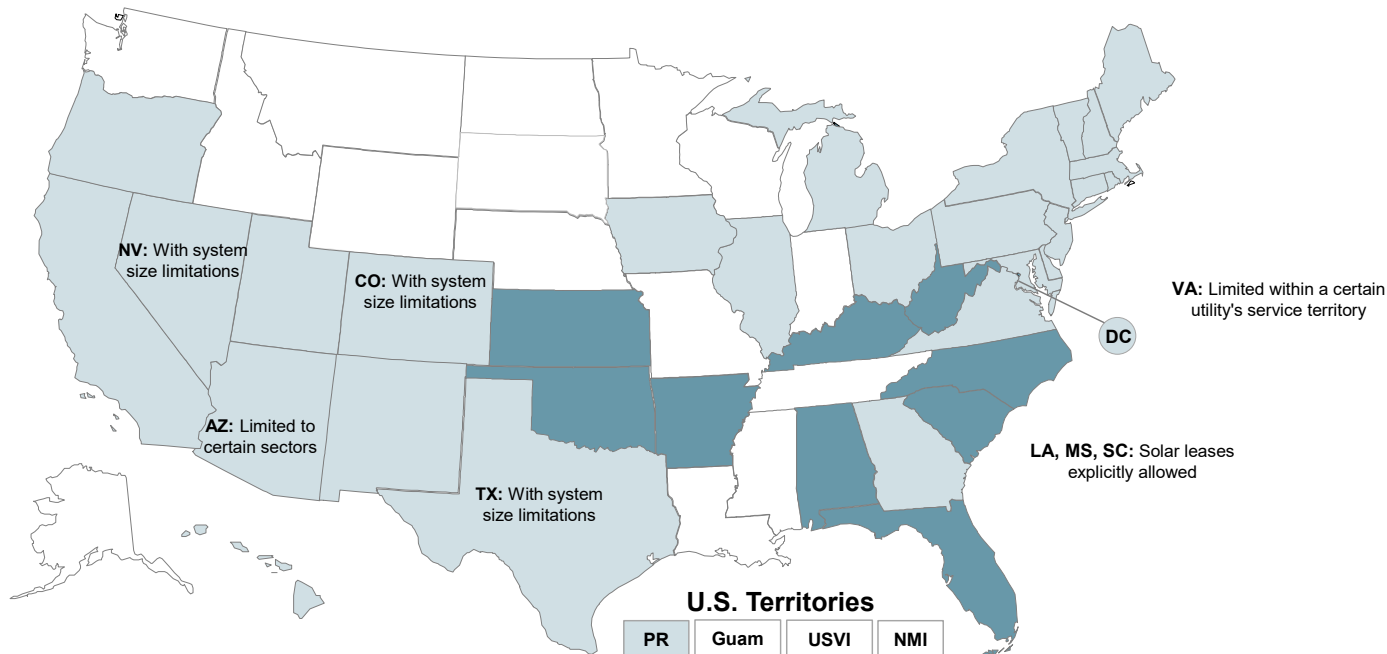
Energy Rate Analysis



STATES THAT ALLOW FOR THIRD-PARTY OWNERSHIP

July 2016

TPO Map



26

At least 26 states (plus DC & Puerto Rico) explicitly authorize third-party solar PPAs, through policies that exempt PPA transactions from utility regulation.

15

15 states do not address PPAs through state level policy. PPAs in these states may be subject to utility regulation on a case-by-case basis.

9

9 states have policies that explicitly prohibit or restrict PPAs.



Overview of SEPA Terms

INITIAL TERM

20 Years

PAYMENT TERMS

Monthly, based on consumption

ANNUAL INCREASES

Contracts may provide for annual increases

SYSTEM OWNERSHIP

Cherry Street Capital and its subsidiaries own the system

SERVICES PROVIDED

- Professional-grade monitoring with web access at no cost to the customer
- Responsible for all insurance, operations, and maintenance costs. *Including inverter replacement*

CUSTOMER OBLIGATIONS

- Provide access to property for design, installation, operations, and maintenance and inspection of the system
- Maintain insurance for damage to building
- Maintain a consistent level of shading throughout the initial term



HB57

SUMMARY

On May 12, 2015, Georgia took a giant leap forward in the development of distributed solar power in the state, outpacing all other states in the region. With the enactment of HB 57, The Solar Power Free-Market Financing Act of 2015, Georgia became the first state in the Southeastern U.S. to legislatively approve private sales of electricity from onsite solar systems as a means of financing solar energy for Georgia businesses, institutions, schools and homes. The forward-thinking legislators in Georgia's General Assembly, led by the bill's sponsor, Representative Mike Dudgeon (R-Johns Creek), recognized that the ability to use the free market to finance solar systems in the most efficient and cost-effective ways the free market offers, is a right of property owners throughout Georgia. No longer can Georgia businesses, institutions and residents be told that the law prohibits the purchase of electricity from an onsite solar system financed by a third party that is not an electric utility. "Georgia has created a market for solar energy financing that did not previously exist in the state or any other Southeastern states," said Steve O'Day, head of the Sustainability Practice Group at Smith, Gambrell & Russell, LLP, and one of the principal negotiators of the legislation. "It is the hope of all that worked on this legislation that Georgia will see a surge in free market financing and development of solar energy projects at businesses, institutions and homes across the State."

WHAT THE LAW DOES

The Solar Power Free-Market Financing Act establishes that "solar energy procurement agreements" (SEPA), known elsewhere in the country as "power purchase agreements" (PPAs) are a lawful way to finance the construction and operation of a solar electric generation system. A solar company can now finance the construction of solar panels for a home, business or institution in Georgia, including public schools, government buildings, colleges and universities, military bases, etc., and be repaid for the system through payment by the property owner for the electricity produced by the solar system. What does it take to qualify as a SEPA?

- SEPA's include any agreement—leases, PPAs, etc.—in which a solar company pays for the installation and operation of the solar system, and payments to the solar company "are based on the performance and output of the solar technology installed on the property", that is—payment for the electrical output of the system.
- The solar technology must be installed on property owned or operated by the person or entity using the power from the system.
- The solar system must be connected to the utility's distribution system "on either side of the ... meter."
- The design capacity of the solar system must be at or below the "capacity limit", which is a peak generating capacity, stated in alternating current (AC), that is no greater than:
 - 10 kW (kilowatts) for a residential system.
 - 125% of the actual, or expected, maximum annual peak demand of the premises the solar system serves, for all non-residential systems.
- The solar system complies with all applicable state and local laws.
- The solar company or the property owner/operator notifies the local electric utility at least 30 days before the solar system becomes operational.
- Interconnection with the utility grid complies with the following:
- For residential systems of 10 kW or less, and commercial systems of 100 kW or less: applicable safety, power quality, and interconnection requirements established by the National Electrical Code, National Electrical Safety Code, Institute of Electrical and Electronics Engineers, and Underwriters Laboratories
- For larger systems: additional requirements only as "necessary to protect public safety, power quality, and system reliability."

REFERENCE:

www.sgrlaw.com/blog/2015/05/a-win-for-solar-energy-in-georgia-the-solar-power-free-market-financing-act-becomes-law-2/



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