

## FREQUENTLY ASKED QUESTIONS – THE MCHENRY SOLAR FARM

<p>What is the status of the contract with MID?</p>	<p>The MID Board of Directors must approve the terms of the contract and direct MID staff to move forward to the next step.</p>
<p>Is the project approved?</p>	<p>No. First, MID Board of Directors must approve the terms of the contract and direct MID staff to move forward to the next step. The project is at the very beginning of the review and approval process. If the power purchase agreement (PPA) is approved by the MID Board of Directors, the project must still go through a detailed public permitting process that incorporates an impact analysis and public input. Once this is complete, the MID Board of Directors will consider the findings and environmental document required by the California Environmental Quality Act (CEQA) at a public meeting. If approved, the County would then have to consider the MID adopted document in approving the Conditional Use Permit Application that SunPower must file. The project cannot be built unless the County Planning Commission approves the permit.</p>
<p>How did MID select this project?</p>	<p>MID issued a public Request for Offers to meet its renewable energy requirements. SunPower submitted an offer, and MID shortlisted SunPower, among others, to negotiate the terms of a PPA. After about 15 months, negotiations resulted in agreed upon terms for the PPA. The development of the environmental document will commence if the MID Board of Directors approves the PPA.</p>
<p>What is MID obligated to pay for under the contract?</p>	<p>MID is obligated to purchase only the power that is generated by the project. In addition, SunPower is responsible for obtaining approval from the County to build the project. SunPower is also responsible for designing and building the project and will perform operations and maintenance functions for the project during the term of the PPA.</p>
<p>What if the project does not produce energy?</p>	<p>MID will only pay for the energy that is generated. SunPower has been in business for 25 years. SunPower uses traditional silicon photovoltaic (PV) – proven technology for 50 years. SunPower has built over 550 solar PV systems and is the most experienced company in solar PV with the most operating performance data. SunPower projects meet or exceed their predicted performance; however, there are financial guarantees and collateral in place to protect MID.</p>
<p>Why was this site selected?</p>	<p>SunPower conducted an extensive screening process with a long list of factors in its search for a suitable site. Potential site areas were first screened/excluded for environmental issues, protected habitat and species, wetlands, federal lands, state lands, topography, flood zones, Williamson Act</p>

	<p>set-asides, solar resource, proximity to MID customers being served with electric service, transmission availability, and willing land owners, among other criteria. This screening process produces the most viable available sites and quickly eliminates unsuitable sites. This site passed all the screens and is a very good site for the size of the project that is being proposed.</p> <p>(See also slides 23-27 of the presentation)</p>
<p>Why is the site so close to residential areas?</p>	<p>SunPower conducted an extensive screening process with a long list of factors in its search for a suitable site. (See also slides 23-27 of the presentation). In addition, it is more efficient and cost effective to have renewable energy generation close to MID's customers. Losses and fees associated with transmission of energy over long distances are avoided. The local sub-transmission and distribution line infrastructure needed to deliver the energy from the project to MID customers is already in place.</p>
<p>Do you have a backup site? What happens if this site does not get permitted?</p>	<p>SunPower conducted an extensive screening process with a long list of factors in its search for a suitable site. (See also slides 23-27 of the presentation). If this site does not get permitted, SunPower may seek an alternate site using the same site selection criteria as were used for this site, and the landowner would then be free to develop something else on the property.</p>
<p>Is SunPower planning more projects for MID?</p>	<p>No. This is the only project SunPower has proposed to MID.</p>
<p>Why not put it all on roofs?</p>	<p>SunPower has the highest installed base of residential and commercial rooftop solar PV systems and continues to lead those markets.</p> <p>However, to meet the State's renewable energy mandates in an efficient deployment timeframe and to take advantage of economies of scale, large ground mounted systems for utilities area also needed. In addition, more local energy projects have a significant impact overall on energy security.</p> <p>Other considerations:</p> <ul style="list-style-type: none"> <li>• Lower cost to deploy large scale systems</li> <li>• Higher performance from large scale systems</li> <li>• Much shorter time period to deploy same capacity with large scale systems</li> <li>• Available capacity on rooftops is limited</li> <li>• Not all rooftops can be used due to technical limitations</li> <li>• Rooftops require discretionary decision and participation by roof owner</li> <li>• Senate Bill 1, enacted to encourage investment in</li> </ul>

	<p>solar energy systems, requires that utilities offer a rebate. In addition, it also requires that the monetary incentive decline at a rate of no less than 7% on an annual basis, which means that there are less incentive funds available to distribute to those customers that may want to install a solar system on their homes.</p>
<p>Will the project create a 'heat island'?</p>	<p>In SunPower's 25 years of experience building solar PV projects, this has not been observed to be an issue. The 'heat island' effect is commonly associated with urban environments with high densities of buildings and pavement. The sun energy hitting the pavement is converted to heat and builds up throughout the day, acting as a 'battery' storing the heat energy for release later. One can experience this effect by standing in a parking lot on a sunny day. It can be hotter than the surrounding area and feel warm even late into the evening after sunset. By contrast, the sun energy that hits the PV panels is partially converted to electricity and partially converted to heat in the panels. However, the PV panels are off the ground and surrounded by air, so the heat is dissipated very rapidly. It does not build up and become stored as with pavement.</p>
<p>What kind of jobs will be created?</p>	<p>The majority of jobs created will be in the construction trades – mostly labor and electricians. We intend to draw from the local labor force, both for labor and subcontractors.</p> <p>The project will also create some long term security and operations and maintenance jobs.</p>
<p>What are the benefits?</p>	<ul style="list-style-type: none"> <li>• Jobs for local labor force</li> <li>• Sales tax revenue</li> <li>• Property tax revenue</li> <li>• Increases the amount of renewable energy each MID rate payer uses</li> <li>• Reduces carbon emissions by offsetting fossil fuel generation</li> <li>• Fixed price energy provides a hedge against volatile natural gas prices and other potential electricity market forces.</li> <li>• The proposed project is estimated to use less water than what is currently being used on the site. The conservation of this resource by the project will provide an unseen benefit to groundwater resources.</li> </ul>

Does the project require water to operate?	The only water needed to operate the proposed project is for washing the panels. However, washing is optional. SunPower may choose to wash the panels occasionally to optimize performance. If so, the water use will be far less than the current agricultural usage, comparable to 1-2 residential dwellings.
Will there be landscaping?	Yes. The proposed design includes both a 60 foot setback from the road and visual screening with landscaping.
What requires you to maintain the landscaping? Is it in your budget?	The conditions of approval of the County permit will dictate what is required. SunPower will operate and maintain the project and has an interest in keeping it well maintained. Landscaping maintenance is included in the budget so there will be no extra cost pass-through to the fixed price that MID will pay for the renewable energy from the project once the PPA is approved.
Will there be dust?	During construction, some dust is expected and there will be requirements to control it just as any other construction project. During operations, SunPower plans to control dust through a vegetative ground cover. It is in SunPower's best interest to do so to avoid dusty panels, which decrease electrical output. It is expected that any dust from the site during operations will be far less than the dust currently produced through cultivation and harvesting in its current use.
Will it cause glare?	The PV material is actually designed to absorb light, not reflect it. The panels use non-reflective glass. The panels are Federal Aviation Administration (FAA) and US Air Force approved.
How much power will be produced?	The project will generate the equivalent amount of energy to provide power to about 6,000 homes.
How tall are the trackers?	The trackers stand approximately 6-8 feet tall.
Will it have a fence?	The proposed design includes a perimeter fence for public safety and security. The proposed design also includes both a 60 foot setback from the road and visual screening with landscaping.
Will the perimeter be lighted at night?	No. The proposed design does not require lighting on the perimeter. 24-hour security watch and electronic surveillance are planned to ensure security at the project site.
Do the trackers make noise?	A ½ horsepower motor turns for a few seconds each minute or two to keep the panels pointed at the sun. The sound level is about equivalent to your refrigerator in operation and drops off rapidly a short distance from the motor. Due to the quiet operation and the distance between motors, there is no cumulative noise from the tracker motors.
Will the trackers reflect traffic noise?	Potential noise impacts will be studied in the permitting

	<p>process. The project is not expected to create any perceptible increase in noise compared to existing traffic noise. The proposal includes a 60 foot setback from the road and landscape screening. And the trackers are low profile with little surface area available for reflecting traffic noise.</p>
<p>What happens if the technology is obsolete in a few years?</p>	<p>The technology SunPower manufactures is proven with over 50 years of successful operation. SunPower warranties its panels for 25 years. SunPower has operating history from over 500 solar PV systems – more than any other company. The technology and the project are economic today and will remain so for 25 years regardless of any new technologies that might emerge in the future. The price will remain fixed on a per unit-production basis. Since MID is obligated to purchase only the power that is generated by the project, it is in SunPower’s interest to maintain production at the highest possible level.</p>
<p>How much has the efficiency of the technology improved over last 10 years?</p>	<p>Solar PV technology tends to improve incrementally over time. For example, SunPower’s solar cell technology has increased from about 20% efficiency to about 22% efficiency in the last 6 years.</p>
<p>What is your longest running project of this type?</p>	<p>SunPower has operating tracker systems of this type that are over 10 years old. Also, SunPower built its first utility-scale solar PV project 2004. That plant has exceeded production expectations every year, and SunPower has since built more than 200 megawatts of utility-scale projects.</p>
<p>Can residents that live close get a discount on MID rates as a benefit for the placement of the project?</p>	<p>MID’s renewable energy procurement strategy tries to spread the benefits to all of MID’s customers since all of MID’s customers will pay for the utility scale project through MID’s electric rates. The customers as a whole will benefit from the installations of a green power project that is local and does not produce greenhouse gas emissions. Each of MID’s retail customer’s energy will come from 2% solar energy if the PPA is approved and the project gets constructed.</p>
<p>Why isn’t this project located in the foothills east of Modesto?</p>	<p>The benefits of the project are maximized when a project is located closer to MID’s customers and reduces the need to spend more dollars on a sub-transmission line and interconnection facilities for the project in order to deliver the output from a remote project. In addition, if the project is closer to MID customers, the losses and inefficiencies associated with transmitting the output from the project are reduced. The proposed site is also previously disturbed land. Sites that are previously undisturbed or pristine are</p>

	<p>more likely to have environmental issues such as disturbance of endangered species, among other environmental items.</p>
<p>What will the traffic level be during construction and during commercial operation for this project?</p>	<p>The traffic level during construction will be similar to any construction project supporting up to 50 daily workers on the site. The impacts of increased traffic will be studied during the permit process and appropriate mitigation measures implemented to minimize the effect on the neighboring community.</p> <p>During commercial operation, a daily staff of 2-3 people are expected to be on the project site.</p>
<p>Are other renewable resource opportunities in the northeast part of the state still available?</p>	<p>Yes, however, participants in the environmental process for a transmission project that would have delivered the energy from those resources opposed the project. MID's other options are to examine projects that can use existing transmission infrastructure or build local projects. MID's existing transmission infrastructure is currently fully (and reliably) subscribed.</p>
<p>Will transmission towers be constructed for this project?</p>	<p>No. The existing sub-transmission infrastructure will be used, or upgraded to carry two sub-transmission lines but no transmission towers will be built.</p>
<p>Will the land zoning change for the proposed project site?</p>	<p>Under the County's zoning rules, the project has been determined to be an allowable use. The zoning is not planned to be changed and the property can easily return to its current farm use once the term of the PPA expires.</p>
<p>Why now? Can MID wait? What if costs go down?</p>	<p>Several factors affect the proposal to move forward with this project. The Federal Investment Tax Credit provides for projects to convert the funding into a grant. To qualify for the grant, the project must begin construction or commit a portion of the budget by 12/31/2010. There is no guaranty that this program opportunity will be extended beyond this year. If MID waits, MID can hope that panel prices will fall substantially in cost in the next few years, but there may be an uplift in costs associated with increased demand as the State's utilities move to try to acquire about 1/3 of their customer's energy needs from renewable resources. The future is uncertain at this time. MID is entertaining an offer that provides price certainty.</p> <p>The State's Loading Order requires that utilities seek to meet customer's energy needs by implementing conservation and energy efficiency methods first, followed by renewable resources, and lastly, clean and efficient fossil fuel generation. As far as conservation and energy efficiency, the voluntary nature does not always yield the desired targets. MID does its part to encourage and incent</p>

	<p>those customers that do want to participate in these measures. In addition, the State is moving towards the implementation of an accelerated renewable portfolio standard. A “wait and hope” strategy could prove to be imprudent and not in alignment with electric resource planning standards to meet MID customers’ energy needs.</p>
<p>What is the timing of the project? When can the public participate?</p>	<p>If the PPA is approved by the MID Board of Directors, SunPower and MID will move into the preparation of the necessary documentation required pursuant to the California Environmental Quality Act (CEQA). This process will incorporate public outreach meetings which will allow participants to ask questions and provide valuable feedback for the project. MID’s Board of Directors will have to consider the adoption of the CEQA document in order to proceed to the next phase of the project development process. These meetings will be publicly noticed.</p> <p>The next step after MID’s consideration for the CEQA document is the County’s consideration for a Conditional Use Permit that SunPower would file. The public will have the opportunity to participate during the County’s process for consideration of the permit. These meetings are anticipated to take place on or about the third or fourth quarter of this year.</p> <p>If approved, construction is estimated to commence on or about the fourth quarter of this year or first quarter of 2011. Commercial operation for this project is anticipated to be in the fourth quarter of 2011.</p>
<p>Are there existing SunPower tracker systems that the public can view?</p>	<p>Yes. SunPower has built dozens of commercial rooftop and ground tracker systems in the Central Valley. And our dealer partners have built dozens more residential and small commercial systems.</p> <p>The system that best represents the same T0 Tracker proposed for the McHenry Solar Farm and which can be viewed easily from a public street is at:</p> <p>Grundfos Pump Manufacturing in Fresno  5900 East Shields  Fresno, CA 93727  (Public viewing from North Business Park Avenue)</p>