

PTOW / MPUC Major Terms Comparison

Topic	PUC Term Sheet	PTOW Option 1	Comments
Term	25 years	25 years	
Starting price (\$/MWh)	130	[REDACTED]	Minimum necessary for project to be financially viable at time of this submittal assuming project qualifies for domestic content bonus ITC of 10%
Annual energy cap (MWh)	635,000	[700,000] (P10?)	Starting power price assumes all energy produced is sold under the PPA. Any cap raises the starting price
Capital cost price adjustment mechanism and cap	Eliminated	Starting power price increased / decreased in direct correlation to final Capex relative to initial Capex (excluding all financing costs)	Uncertainty about Capex at this early stage necessitates the ability for an upward adjustment at FID – else the starting price would be much higher
Inflation adjustment and cap	A variety of commodity indexes; 15% cap	None	Captured as part of the capital cost adjustment mechanism
Annual price inflation starting at PPA execution	2.0% for 20 years	3.0% for 20 years	A lower inflator increases the starting price
Ratepayer savings	75% of savings, related only to commodity index decreases	75% of savings relative to the initial Capex	PTOW retains 25% upside as incentive to lower the Capex as much as possible
RECs	Transferred to utility	Transferred to utility	
Capacity	PTOW assumes all risks and provides monthly credit to utility	PTOW assumes no risk related to qualifying, clearing or penalties; transfers capacity rights to utility	The risks associated with qualifying for capacity and the related penalties in the FCM do not warrant the small amount of projected capacity payments – seller assuming these risks would require a substantial increase of the starting price. The DOD curtailment requirement alone makes this infeasible.
Port contingency	PPA contingent on MDOT completing port – either party may terminate if not	Assumed none	A PPA with a buyer termination right based on MDOT’s failure to build a port is not investment worthy

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Topic	PUC Term Sheet	PTOW Option 2	Comments
Term	25 years	25 years	
Starting price (\$/MWh)	130	Determined before FID	Price set based on pre-determined rate of return and capital structure; “just and reasonable” standard for Capex, Opex, soft costs, etc. – Seller to submit documented Capex, Opex, projected energy production, and project financial model. Seller pays for MPUC advisor(s) to do final review.
Annual energy cap (MWh)	635,000	Determined before FID	Final based on array location and configuration, wind data, optimized turbine selection, curtailment requirements, etc. Potential to lower starting price with higher cap.
Capital cost adjustment mechanism and cap	Eliminated	As per above	
Inflation adjustment and cap	A variety of commodity indexes; 15% cap	None	
Annual price inflation starting at PPA execution	2.0% for 20 years	3.0% for 20 years	A lower inflator increases the starting price
Ratepayer savings	75% of savings, related only to commodity index decreases	N/A	
RECs	Transferred to utility	Transferred to utility	
Capacity	PTOW assumes all risks and provides monthly credit to utility	PTOW assumes no risk related to qualifying, clearing or penalties; transfers capacity rights to utility	The risks associated with qualifying for capacity and the related penalties in the FCM do not warrant the small amount of projected capacity payments – seller assuming these risks would require a substantial increase of the starting price. The DOD curtailment requirement alone makes this infeasible.
Port contingency	PPA contingent on MDOT completing port – either party may terminate if not	Assumed none	A PPA with a buyer termination right based on MDOT’s failure to build a port is not investment worthy