

University Park Community Solar LLC
Annual Summary of Operations
For Year 2016
Presented June 3, 2017

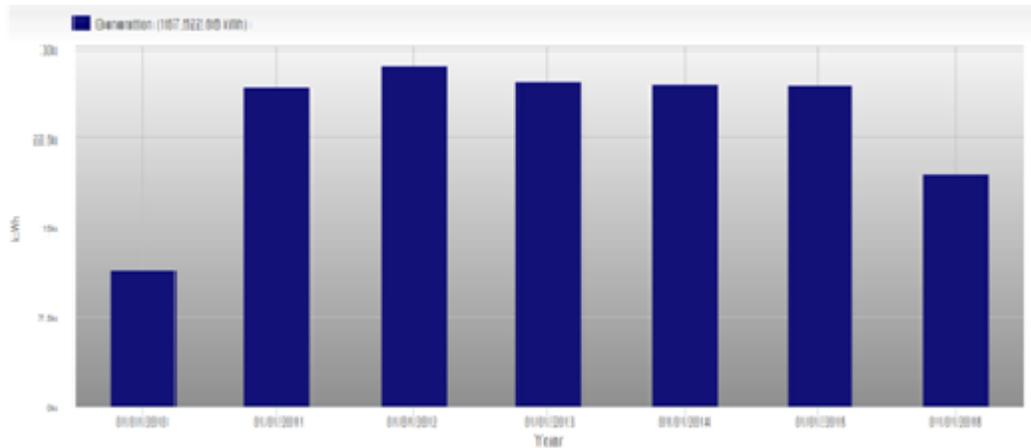
University Park Community Solar LLC has been generating clean renewable electric power since July 22, 2010. This annual status report has been prepared for our 35 members for calendar year 2016.

Power Production:

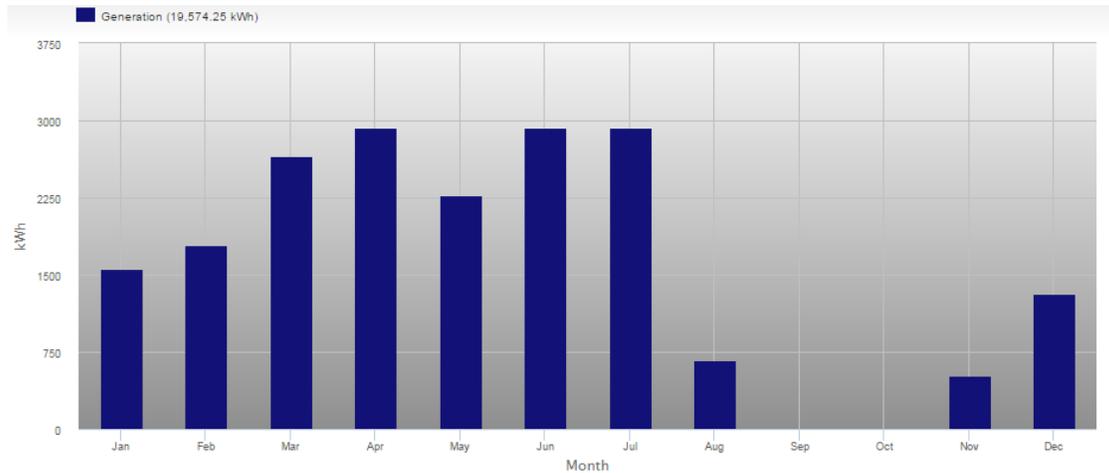
As of December 31, 2016, UPCS LLC has generated 167,523 kWh since commissioning the 22.8 kW solar facility in July 2010:

- 11,473 kWh from July 22, 2010 thru December 31, 2010
- 26,732 kWh in calendar year 2011
- 28,487 kWh in calendar year 2012
- 27,286 kWh in calendar year 2013
- 27,032 kWh in calendar year 2014
- 26,938 kWh in calendar year 2015
- 19,574 kWh in calendar year 2016

The bar graph shows a steady performance except for 2016:



In 2016 our 99 solar panels consistently performed on par with previous years except for August thru November. This was because the outside panel switches were inexplicably opened with a loss of about 7000 kWh of generation. We do not know who opened the switches and for what reason. However, the system continues to operate as normal. At 16.1 cents per kWh, which is the rate the Church currently pays the LLC, the estimated loss is about \$1100. The bar graph shows prime months September and October with no energy production.



Distribution of the Power

The Church of the Brethren continued to meet all of its electricity needs with solar generation with the excess generation being fed into the Pepco grid. At the end of 2016, the Church's net meter measured 25,440 kWh into the grid of a total of 167,523 kWh generated since July 2010. The excess generation declined from previous years due to the opened switches.

Pepco reimburses the Church (the generator customer) for the yearly excess at the wholesale Pepco rate of 8-9 cents per kWh around April of each year. In 2017, Pepco paid \$205.99 for the outstanding excess to the Church and, by the terms of the PPA, it pays the LLC for the excess.

Summarizing the Pepco reimbursements:

- \$887.31 for excess beginning July 22, 2010 and paid April 2013
- \$579.83 for excess paid April 2014
- \$628.45 for excess paid April 2015
- \$506.36 for excess paid April 2016
- \$205.99 for excess paid April 2017

Financials for 2016

Pursuant to the PPA, the Church and UPCS LLC annually true-up the books in August since the Church pays in advance \$800 every three months (\$3200 a year), and does not consume and pay for the excess electricity flowing into the grid. In 2016, for the previous 12 months (ending July 2016), the LLC received from the Church of the Brethren \$3681.68 (\$3200 plus \$481.68 after reconciliation). In addition, within the reconciliation period, we received a check of \$506.36 from Pepco for the excess electricity generated April 2015 thru March 2016 as specified in the state net metering law. Summing, the LLC received \$4,188.04 from the sale of electricity in 2016 after annual true-up.

The LLC's other source of revenue is solar renewable energy credits (SREC's). We sold 20 SRECs in 2016 for \$912.00 at \$46 per SREC after paying a 5% broker fee. The SREC market has dropped considerably in 2016, and is presently \$10 per SREC. Again, summing, the LLC received a total of \$5,030.04 in 2016. For comparison, the LLC received \$7,501.14 in 2015. The drop in revenue can be attributed to the low SREC value and the opening of the outer solar switches in 2016.

Going forward, the LLC is expected to produce 27-28 SRECs per year since our design annual generation is about 28,000 kWh. As of December 2016, the LLC accumulated 165 SRECs since startup. We have sold all 165 SRECs for \$25,098 (average \$152.11 per SREC).

Operating costs for 2016 included property and liability insurance, Maryland personal property tax, and tax preparation by our CPA totaled \$2,000. To pay the operating costs, the LLC will need to continue selling SRECs in the near future even at the low current price levels. Also, for basic web hosting service, doteasy.com charges the LLC \$3.75/month or \$45 a year.

As of June 1, 2017, the LLC has \$9,059.77 in the Capital Bank checking account. There are no outstanding bills.

Other Impacts/Events - Tangible and Intangible

As of June 1, 2017, the facility has generated 178,632 kWh since being energized in the summer of 2010. The Church is currently paying the LLC 16.1 cents per kWh pursuant to the PPA. The rate is adjusted 3.5% yearly. In 2010 and 2011, it was 13.0 cents. Our CPA Richard Simonen electronically filed UPCS LLC's Federal and State tax returns in January as required by law. Each LLC member should have received a K-1 Statement by mail from him in January.

Conventional grid supplied electricity in this region releases 1 pound CO₂ / kWh produced; therefore, 194,530 lbs of carbon were not released to the environment because of our clean energy production (1.089 pounds of CO₂ per kWh x 178,632 kWh). Also, the solar facility has prevented some air pollution associated with the generation of the

electricity production for this region, namely sulfur dioxide and nitrogen oxides, associated with acid rain and ground level ozone, an unhealthful component of “smog.”

The LLC is in the seventh operational year. The PPA allows the Church the option to purchase the facility at the fair market value after the seventh operational year which ends July 2017. On March 25, 2017, the LLC Board Members met to discuss the sale of the facility. Subsequently, the Church Board Members met in May and requested a financial assessment of the facility from the LLC. We provided them with an edited version of our approved March 25 minutes which is attached.