

## **Second Annual Report for Operation of Town of Falmouth Wind I Turbine**

**Report Date: April 12, 2012**

**Period of Operation Covered by This Report: March 23, 2011 through March 31, 2012**

**Per Renewable Energy Certificates Purchase Agreement  
Between Massachusetts Technology Park Corporation (Massachusetts Clean Energy Center) and the  
Town of Falmouth, dated July 29, 2009**

The following is the second annual report for the operation of the Town of Falmouth's Wind I Turbine.

Preparation and submission of this report is a requirement of the agreement between the Massachusetts Technology Park Corporation (Massachusetts Clean Energy Center, or MassCEC) and the Town.

a) Status of Major Project Permits

No change in status from previous report.

b) Status of Key Agreements (e.g. power and REC sales agreements) and Financing Arrangements Concerning the Project

No change in status from previous report.

c) Status of Commercial Operations

Commercial operation of the Town of Falmouth's Wind I turbine began on March 23, 2010. The turbine is operated under a service agreement between Vestas-American Wind Technology, Inc. and the Town of Falmouth.

At the end of February 2011, the Board of Selectmen voted to curtail operations of the Wind I turbine by shutting down the turbine when wind speeds exceeded 10 meters per second. In November 2011, Town Meeting voted to shut down the Wind I turbine entirely until the April 2012 Town Meeting (with the exception of short periods of operation required for completion of sound studies) pending results of wind turbine sound studies, and pending evaluation of operational options and mitigation options. An operational plan for the Wind I turbine is expected to be developed this year through a public process.

d) Anticipated or Actual Change in Ownership or Control of the Project

No change in ownership or control of the Project has occurred and no such change is anticipated.

e) Annual Financial Statements for the Wind-1 Stabilization Fund

Table 2 is a financial statement for the wind energy stabilization fund created by the Town pursuant to these Acts.

**TABLE 2**  
**Town of Falmouth - Wind I Renewable Energy Stabilization Fund - Financial Statement\***

Amount	Notes
\$1,010,623.00	Advance payment in August 2009 from MassCEC for year 6 to 20 Wind I RECs, per July 2009 agreement
\$511,833.00	fund balance as of end of first annual report period (March 22, 2011)
\$511,833.00	fund balance as of end of second annual report period (March 31, 2012)

\*Balance does not reflect interest earned on investments. No withdrawals made from this fund from March 23, 2011 through March 31, 2012.

Table 3 summarizes all other revenue generated since the last report, and total to-date under the Town's REC agreement with CVEC and under the Town's power purchase agreement with NSTAR.

**TABLE 3**  
**Town of Falmouth - Other Wind I Energy Revenue**

	Revenue from CVEC for RECs produced	Revenue from NSTAR for energy provided to grid	Total
First reporting period	\$79,695	\$311,424	\$391,119
Earned this reporting period (through March 31, 2012)	\$158,940	\$53,370	\$212,310
Total earned to-date:*	\$238,635	\$364,794	\$603,429

\*Reported earnings are total due to the Town from CVEC and NSTAR, based on the RECs produced and energy provided to grid (received by NSTAR) through 3/31/12. There can be a more than six month delay between when RECs are produced and when the REC payments are made (due to the nature of the REC market and to the type of REC contract), so not all of the REC revenue earned has been invoiced/received to-date.

Debt service and other energy-related payments have been made using these funds generated from energy production.

f) **Updated Projection of Anticipated Annual Production Numbers and Anticipated Aggregate Production Amount**

Falmouth's Wind I turbine produced a greater than projected number of certificates in the first year of its operation (3942 megawatt hours of energy, which was 318 certificates more than the 3624 projected annual production).

As shown in Table 4, in the period since the last report (March 23, 2011 to March 31, 2012) *Wind I generated substantially less (~63% less) energy than forecast for the period*, because of the curtailment that took effect at the beginning of March 2011, and the shut down (except for sound testing) voted by Town Meeting that took effect in November of 2011.

**TABLE 4**  
**Town of Falmouth Wind I Turbine Actual Energy Production\***  
 Second Reporting Period (March 23, 2011 – March 31, 2012)

<b>Start Time</b>	<b>End Time</b>	<b>Energy Production (KWh)</b>
3/23/2011 0:00	4/1/2011 0:00	72,444
4/1/2011 0:00	5/1/2011 0:00	127,790
5/1/2011 0:00	6/1/2011 0:00	167,872
6/1/2011 0:00	7/1/2011 0:00	125,585
7/1/2011 0:00	8/1/2011 0:00	152,269
8/1/2011 0:00	9/1/2011 0:00	148,061
9/1/2011 0:00	10/1/2011 0:00	189,367
10/1/2011 0:00	11/1/2011 0:00	158,429
11/1/2011 0:00	12/1/2011 0:00	71,164
12/1/2011 0:00	1/1/2012 0:00	0
1/1/2012 0:00	2/1/2012 0:00	19,839
2/1/2012 0:00	3/1/2012 0:00	69,877
3/1/2012 0:00	4/1/2012 0:00	50,333
<b>Total (KWh)</b>		<b>1,353,030</b>
Total Actual Production for Period (MWh):		1,353
Projected Production for Period (MWh):		3,622
Actual Production Below Projected for Period (MWh):		2,269

\* Period is slightly more than a year (includes an additional 9 days, March 23-31). Actual production includes actual production those 9 days, and projected production is prorated to include these additional 9 March days.

*However, the Town does not feel it is appropriate to change long-term production projections at this point because the long-term operational plan for Wind I turbine operation has not yet been determined. It is possible that curtailments will be imposed on Wind I in the long-term which would affect Wind I production during the term of the Town's agreement with MassCEC. However, no agreement has yet been reached about the magnitude, hours or duration of any long-term curtailment, so it is not possible yet to predict its impact on future production.*

Therefore Table 5, next page, shows the revised projection to be the same as the original projection at this time.

**TABLE 5**  
*Massachusetts Green Power Partnership*  
**Revised Projection of Annual and Aggregate Production**

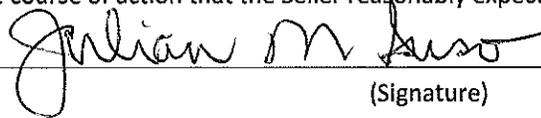
Seller: Town of Falmouth, Massachusetts

Project Name and Contract Type: Town of Falmouth Wind I – REC Purchase Agreement

Contract Year	Calendar Year	ORIGINAL CONTRACT		REVISED PROJECTION*	
		Total Amount of all Certificates Project is Expected to Generate	MTPC Certificates (Anticipated Annual Production Number)	Total Amount of all Certificates Project is Expected to Generate	MTPC Certificates (Anticipated Annual Production Number)
1	2015	3624	3262	3624	3262
2	2016	3624	3262	3624	3262
3	2017	3624	3262	3624	3262
4	2018	3624	3262	3624	3262
5	2019	3624	3262	3624	3262
6	2020	3624	3262	3624	3262
7	2021	3624	3262	3624	3262
8	2022	3624	3262	3624	3262
9	2023	3624	3262	3624	3262
10	2024	3624	3262	3624	3262
11	2025	3624	3262	3624	3262
12	2026	3624	3262	3624	3262
13	2027	3624	3262	3624	3262
14	2028	3624	3262	3624	3262
15	2029	3624	3262	3624	3262
		<b>Anticipated Aggregate Production Amount:</b>	48,924	<b>Anticipated Aggregate Production Amount:</b>	48,924

\* Please see part (f) of this annual report. It is possible that curtailments will be imposed on Wind I in the long-term which could affect Wind I production during the term of this agreement. However, no agreement has yet been reached about the magnitude, hours or duration of any long-term curtailment, so it is not possible yet to predict its impact on future production. Therefore, the Revised Projection of Annual and Aggregate Production is the same as the original one at this time.

**Seller's Certification:** As of this date the revised projection herein is based on and reflects reasonable assumptions for which Seller has a reasonable basis, reflects conditions that Seller reasonably expects exist, and reflects the course of action that the Seller reasonably expects to take with respect to the Project.

  
 (Signature)

**Print Name:** Julian Suso

**Title:** Town Manager

**Date:** 4/18/12