

Maine Aqua Ventus – Monhegan Plantation Power District

Provision of Power vs. Alternative Benefit

Under the Term Sheet approved by the Maine Public Utilities Commission, MAV will provide Monhegan with benefits as follows (Pages 4-5 under the Local Benefit Obligations):

“4. Monhegan Plantation Benefits. Provide electric energy to the Monhegan Island Plantation Power District (District) for the entire duration of the Contract Term without charge, in an annual amount not to exceed 340 megawatt hours escalating at one percent per year and a maximum demand of 300 KW (Electricity Provision Plan), or through consultation with the District provide benefits in an alternative form that are acceptable to MAV and approved by the Commission (Monhegan Alternative Benefit).

MAV will pay the commercially reasonable costs and installation of all interconnection to fulfill this commitment. As part of the design phase, Project engineers will work with District representatives to locate and design the interconnection consistent with the annual and maximum demands cited above.

In addition, MAV commits to paying for and installing a fiber optic cable to Monhegan Island in conjunction with the interconnection, to working with the District to arrive at a mutually agreeable entitlement structure for the cable, and to execute agreements with Monhegan Plantation addressing ownership, maintenance and capacity allocation issues.

MAV agrees to work with the District and the Commission to adopt a memorandum of understanding describing the structure of the Electricity Provision Plan and Monhegan Alternative Benefit in detail to be incorporated into the Contract.”

The Cable

1. MAV will provide power at no cost to Monhegan up to the maximum of 340 megawatt hours per year. This number was determined in consultation with the MPPD in 2013 based on current loads and current capacity.
 - a. This no-cost supply of power will primarily come from the wind turbines which are estimated to be generating 80% of the time when Monhegan uses power.
 - b. The balance of MAV provided no-cost supply of power (when the wind is not blowing) will be provided through the cable to the mainland from the connection to the CMP grid. MAV will buy this power from the CMP source. MPPD will not likely have a contract with CMP directly.
 - c. **Payment of cost of power system upgrades to allow delivery of power from MAV to MPPD are as described in the term sheet (quoted above)** MAV will cover the costs to integrate the turbine/shore power into the MPPD grid. The specific design of this system has not been completed at this time.

2. **Meeting Monhegan’s power demands if they are above this cap.** If Monhegan’s power demand exceeds this MAV power cap, Monhegan Plantation Power District has two options. Each option will have associated costs and needs to be negotiated as part of the MPUC contract.
 - a. Generate the additional power through the MPPD generators.
 - b. Purchase the power through MAV. (as wind turbine and/or CMP sourced power)
3. Mohegan Plantation Power District will still own and maintain their diesel electric generators and associated grid. MPPD is regulated by the Maine PUC. It is assumed that the rates MMPD charges to MPPD customers will be determined by MPPD and MPUC.
4. The fiber-optic cable is also provided as part of this benefit and is “bundled” into the electric cable. The cost of the Fiber-Optic cable is included in the cost of the power cable. MPPD would need to determine a “plug-in” spot where the fiber-optic cable can be accessed by communication vendors such as telephone and internet providers. The Dark fiber lease to MPPD of fiber optic cable will be at no-cost to MPPD. MPPD could decide how they want to use the FO cable and how to allow Internet and communication vendors to use the cable to provide service to island customers.
5. Per the Term Sheet language – the details of the cable(s) and provision of power/communications are to be negotiated between the MPPD, the MPUC and MAV and incorporated into the MAV Power Purchase Contract.

Monhegan Alternative Benefit

As provided for in the MPUC Term sheet – MAV through consultation with the District will provide benefits in an alternative form, if there is no cable, that are acceptable to MAV and approved by the Commission (Monhegan Alternative Benefit).

1. The provision of the cable is the highest value option to MPPD
2. An alternative benefit (i.e. payment in lieu of a cable) can not exceed the value of the cable benefit.
3. The economic benefit to MPPD of having the cable is:
 - a. Reduced use of diesel fuel and cost of diesel fuel
 - b. Reduced use of the generators and reduced operations and maintenance cost of the generators
 - c. The economic value of increased speed and reliability of broadband internet/communications through a fiber-optic cable to the mainland.
4. The estimated “value” of the cable benefit was estimated at approximately \$200k/year. This is not an exact valuation.
5. MAV has not made any official offer for payment in lieu of cable. Per the Term Sheet this needs to be negotiated with the MPPD, if this option is to be pursued.

Next Steps

Monhegan needs to decide in July if the negotiations with MAV will be done by the MPPD (as per Term Sheet), METF, Monhegan Assessors or some other designated party.

MAV's provision of the cable is on the table until an Alternative Benefit agreement has been completed.

If through survey and town vote, Monhegan decides to pursue the Alternative Benefit, this does not automatically eliminate the cable path, which remains the requirement of the MPUC Term Sheet unless and until an "alternative benefit" is finalized.