

SunEnergy Power Corporation and City of Medford Sign Solar Services Agreement

2.0 MWp DC System to be the Largest PV Power Plant in Oregon

Bend, Oregon (22 February 2008) -- On 7 February 2008, the Medford City Council voted unanimously to pass the ordinance allowing the Mayor to sign a Solar Service Agreement (SSA) with SunEnergy Power Corporation (SEPC) for a hosted 2.0 MWp DC solar electric power plant. SEPC, located in central Oregon, was selected through a competitive bid process to supply this large-scale photovoltaic (PV) system. Under the agreement, SEPC will install and maintain the power plant, and sell the solar-generated power to the City for use at the Regional Water Reclamation Facility (RWRf).

Upon securing the project financing, SEPC will install the ground-based solar array, consisting of over 11,000 solar modules, on unused land at the Regional Water Reclamation Facility on Kirtland Road north of Medford. The Medford RWRf solar electric system is expected to produce over 2.9 million kilowatt hours of clean, renewable solar-generated electricity in its first year of operation. Based on the existing electric power generation mix in the Pacific Northwest, the Medford RWRf solar electric system is projected to offset about 2,014 metric tonnes of CO₂/year. The system will have the same environmental effect with respect to CO₂ as taking about 284 cars (30 mpg mid-size cars driven 24,000 miles/year) completely off the road for a year, or planting about 332 acres of trees. Doug Parsons, Chief Executive Officer of SEPC notes that "The citizens of Medford will enjoy the financial and environmental benefits this project will deliver for more than two decades."

The legislated State and Federal tax credits and accelerated depreciation meant to encourage the acquisition and widespread use of solar electric systems can not be utilized directly by tax-exempt entities such as schools, municipalities, counties and State departments. Solutions include the use of innovative financing structures to "monetize" available tax credits and accelerated depreciation, allowing tax-exempt entities to indirectly make use of these incentives to economically utilize solar-generated electricity and optionally acquire a solar electric system at a below-market rate. In the case of the Solar Services Agreement for the Medford RWRf, the City of Medford has agreed to "host" a solar PV system on their property and buy the solar-generated electricity at below-market costs from the third-party investors who initially own the PV system to avail themselves of the cash flow streams and tax benefits, after which the City has an option to purchase the PV system.

The City of Medford will incur no expenses associated with the design, engineering, planning, construction, operation, and maintenance of this large-scale PV system. In addition to the projected immediate and ongoing substantial savings on electricity costs, the City has locked in a reliable source of renewable solar-generated electricity through a long-term fixed price contract, hedging a major annual operating expense against future utility price. City Councilman Al Densmore noted that "This solar project is an example of creative use of tax credits that can't be used by a municipality but can be used by an investor," he said. "Collaborations on capital projects is really what folks want to see us doing."

In implementing this proactive solar solution, the City of Medford will take the lead in the use of large-scale renewable energy technology in the State. Mo Rousso, Director of SEPC points out that "This exciting project demonstrates the City's commitment to fiscal responsibility, as well as their being an outstanding environmental steward for the community and the entire Pacific Northwest. It also allows the City to indirectly touch the lives of the poorest of the poor in developing countries through the humanitarian work we do with profits derived from these commercial PV projects."

About SunEnergy Power Corporation: SEPC (www.SunEnergyPower.com) develops investment portfolios of commercial-scale solar electric projects in the U.S. SEPC's after-tax profits partially fund its nonprofit 501(c)(3) sister organization SunEnergy Power International (www.SunEPI.org) which implements humanitarian renewable energy projects in remote, rural regions of the world. The organization's unique, sustainable business structure was designed to address this very special mission.

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