

Attachment 3

Estimate of Revenues and Costs – Rule 2.401(c)

Per Energy Storage System:

Costs:

Equipment & Installation Costs ¹	\$19,057
Software Fees	<u>\$ 175</u>
Total Costs:	\$19,232

Revenues:²

Customer Battery Payments	\$ 4,802
FCM Value	\$ 4,922
RNS Value	\$ 8,376
Energy Value	\$ 1,883
Total Revenues:	<u>\$19,983</u>
Net Value per System³:	\$751.00

Three Year Estimate Assuming 5 MW Annual Enrollment Limit and 500 Customers:

	Year	<u>1</u>	<u>2</u>	<u>3</u>	
Monthly Customers		400	400	400	
Upfront Customers		100	100	100	
Costs					<u>Lifetime NPV</u>
Equipment & Installation Costs*		(\$1,651,597)	(\$3,206,944)	(\$4,662,078)	(\$26,938,731)
Software Fees		(\$12,000)	(\$24,000)	(\$36,000)	(\$246,834)
Total Costs		<u>(\$1,663,597)</u>	<u>(\$3,230,944)</u>	<u>(\$4,698,078)</u>	<u>(\$27,185,564)</u>
Revenues					
Power Supply Value		\$429,010	\$1,081,690	\$1,835,800	\$20,127,964
Avoided A&G		\$517,688	\$517,688	\$517,688	\$1,377,561
Customer Battery Payment (Upfront)		\$550,000	\$550,000	\$550,000	\$1,463,543
Customer Battery Payment (Monthly)		\$264,000	\$528,000	\$792,000	\$5,430,343
Total Revenue		<u>\$1,760,698</u>	<u>\$2,677,378</u>	<u>\$3,695,488</u>	<u>\$28,399,410</u>
Net Benefit		<u>\$97,101</u>	<u>(\$553,566)</u>	<u>(\$1,002,590)</u>	<u>\$1,213,846</u>

*Includes 8% A&G allocation for all batteries.

Prepared By: Craig Ferreira

Date: August 1, 2019

¹ Data includes typical installation costs in accordance with the Tariff and the Energy Storage System Lease Agreement (“Lease Agreement”) terms. Other installation costs, if applicable, will be disclosed in writing to customer prior to installation and will be paid directly to the installer. Installed battery costs include 8% A&G allocation, depreciation, and tax requirements.

² Revenue NPV basis includes customer battery payments over 10 years and power supply value up to 15 years.

³ Multiplying the Net Value per System by the total customers (500) over 3 years does not equal the total Lifetime NPV because the “**Per Energy Storage System**” table above assumes only the monthly payment option, and does not factor in the assumption that 20% of customers will choose to make the one-time upfront payment that is factored into the “**Three Year Estimate**” table above.