



June 19, 2017

Dear California Energy Commission,

I am writing to confirm Wind Harvest International's commitment of \$290,000 in match funds to the EPIC proposal "Researching and developing VAWTs potential to double capacities of California's wind resource regions while preventing harm to birds – Phase I."

WHI is excited about the opportunity to further our work on vertical axis wind turbines (VAWTs) with support from the CEC. We are committed to providing match funds to cover some of the high costs of the wind turbines needed for the study, as well as to reduce the percentage of CEC funds which go toward administrative and management expenses. To this end, WHI is committing to provide \$192,000 toward the lease of the turbines in the test array, \$65,440 to cover 1/3 of the direct labor and fringe benefit costs and 100% of the \$33,073 indirect and travel costs for general project management. Match funds will come from WHI's B series capital raise.

The \$2,000 per month per turbine in matching funds for two years of leasing costs was calculated based on the following:

1. Total project costs for four turbines project: \$1.5 million.
2. Investors in a project with this risk factor want a higher return on investment (>10%) at least as much as they would expect if they invested equity in a wind farm. The tax credit and bonus depreciation help reduce what the lease would otherwise need to be, but the project would have to receive \$0.22/kWh to achieve this. At the expected PPA of \$.07/kWh that the energy will earn from PG&E, the project IRR drops to >2%.
3. A return of 10% means that each turbine would need to earn \$3000 in gross income per month even with the 20% tax credits and depreciation
4. \$2000 of the \$3000 per month per turbine needed by investors will be paid by WHI. The other \$1000 in income should come from the sale of electricity to PG&E

The main labor cost is calculated assuming that WHI's Chief Operating Officer will work 30% time on the project for the three years of the agreement.

We are making an unconditional commitment to provide these match funds, and guarantee the availability of the funds and equipment needed for the project. WHI's B Series will close in summer 2017, so the funds will certainly be available. We are confident that the pledged match funds will not be significantly reduced or lost because we have project specific investors who will participate in the Solano Project in event WHI's B round is delayed.

Sincerely,

A handwritten signature in black ink that reads "C. Fitzgerald". The signature is written in a cursive, slightly slanted style.

Cornelius Fitzgerald, CEO