

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the “Agency”)
NOTICE OF DEVIATION
FROM UNIFORM TAX EXEMPTION POLICY
PURSUANT TO GENERAL MUNICIPAL LAW §874(4)(b)**

This Notice of Deviation is forwarded to you for purposes of complying with Section 874 of the General Municipal Law of the State of New York, which requires written notice prior to the Agency taking final action with respect to a proposed payment in lieu of tax agreement (if said agreement deviates from the provisions of the Agency's Uniform Tax Exemption Policy (the “UTEP”).

Description of the Project

The project involves the construction and equipping of a 20+/- megawatt (MW) solar photo-voltaic electric generating facility comprised of solar panel arrays, electrical substation improvements and associated appurtenances, equipment and improvements (the “Project”).

Location of the Project

The Project will be located at 1235 Clinton Street in the Town of Bennington, New York.

Project Owner/Operator

The Project Operator is Duke Energy Renewables, LLC (the “Company”).

Proposed Financial Assistance from the Agency

The Company is seeking the following Agency incentives: (i) sales tax exemption on construction materials and non-production equipment purchased for incorporation in the Project or use at the Project location having a total cost not to exceed \$6,912,631.00; and (ii) real property tax abatement pursuant to a customized, non-standard payment in lieu of tax agreement, the annual payments under which will be calculated with reference to the per megawatt (MW) AC installed capacity of the Project.

Deviation From Uniform Tax Exemption Policy

The proposed financial assistance for the project constitutes a deviation from the Agency’s UTEP because the proposed payment in lieu of tax arrangement deviates from the Agency’s standard payment in lieu of tax schedule. The Agency’s standard payment in lieu of tax schedule provides for payments based on the assessed value of the property, with payments attributable to the value added by new improvements calculated based on percentages of the increase in assessment attributable to such improvements. The UTEP includes provisions for wind energy projects, but does not address solar energy projects of the type proposed by the Company. The Agency and the Company propose to enter into an Agreement for Payment in Lieu of Real Estate Taxes (“PILOT Agreement”) which will provide for payment by the Company of an annual payment in lieu of tax of \$700.00 per megawatt (MW) AC installed capacity, subject to an annual increase of 1.5%. It is anticipated that the Project will have a MW AC installed capacity of twenty (20) MWs. The PILOT Agreement will have a term of thirty-five (35) years. Payments in lieu of taxes will be allocated among the affected taxing jurisdictions in proportion to the amount of real property tax and other taxes which would have been received by each affected taxing jurisdiction had the Project not been tax exempt due to the status of the Agency. The PILOT Agreement will not provide any abatements for any special assessments levied on the Project.

The Agency’s UTEP allows the Agency to deviate from the UTEP’s standard PILOT schedule or to provide a project with enhanced benefits if the project is expected to have a significant impact in the locality where the project will be located. The Agency expects that the project will have a significant

impact in the Town of Bennington, New York. The UTEP sets forth up to thirteen factors that the Agency may consider in making its determination as to whether a project is expected to have a significant impact, no single one of which is determinative. In making this determination, the Agency has considered the following factors in accordance with its UTEP:

1. The nature of the proposed project (e.g. manufacturing, commercial, etc.).

The Project involves the acquisition of an interest in approximately 82 acres consisting of a portion of each of 2 parcels of land; one located west of Alleghany Road/SR 77 and north of Clinton Street/354 and one located east of Alleghany Road/SR 77 and north of Clinton Street/354 in the Town of Bennington, Wyoming County, New York and construction of a 20 MW solar power generation array.

2. The nature of the property before the project begins (e.g. vacant land, vacant building, Brownfield site, etc.).

The project site consists of parcels of land that are vacant and were or are currently, being used for agricultural purposes. The project site was zoned Residential Multiple and Business and a variance request has been awarded by the Town for a change in zoning to Agriculture Residential (A-R) to allow for the development of a solar energy facility.

3. The economic condition of the area at the time of the application and the economic multiplying effect the project will have on the area.

The Project will result in the construction of a new modern solar energy facility to be owned by the Company. The Company estimates that as many as 50-75 individuals will be working full-time construction jobs for a period of 3 to 6 months in connection with the acquisition, construction and installation of the Project Facility. Additional benefits created by the Project will be felt by local businesses such as hotels, restaurants, gas stations, hardware stores and equipment rental companies.

4. The extent to which the project will create or retain permanent, private sector jobs, the number of jobs to be created/retained and/or the salary ranges of such jobs.

The project is a solar farm. There will not be any new permanent private sector jobs directly created or retained as a result of the project.

5. The estimated value of tax exemptions to be provided.

The value of the sales tax exemption for the Project is equal to approximately \$533,010. There will not be any mortgage recording tax exemption. A description of the value of the real property tax exemption is available upon request and described in the attached Exhibit A.

6. The economic impact of the project and the proposed tax exemptions on affected tax jurisdictions.

The economic impact of the Project PILOT Agreement is positive as the Company will be paying PILOT payments relating to the Project Facility in excess of the amounts currently being paid on

the land and at the expiration of the Proposed PILOT Agreement the Project Facility will be subject to normal real property taxes.

7. The impact of the proposed project on existing and proposed businesses and economic development projects in the vicinity.

The impact of the Project is a positive one for the community. The Project will assist the State of New York in meeting its goal of 50% clean energy by 2030. The completed project site will be monitored remotely creating minimal disturbance to local resident, will not have lights and will not produce noise above ambient levels for any local receptor.

8. The amount of private sector investment generated or likely to be generated by the proposed project.

Investment by the Company will be approximately \$23,799,507.

9. The likelihood of accomplishing the proposed project in a timely fashion.

The project is expected to be completed in a timely manner.

10. The effect of the proposed project upon the environment and surrounding property.

The project shall have a positive impact on the environment as is described in number 7 above and in the Application.

11. The extent to which the proposed project will require the provision of additional services including, but not limited, educational, transportation, emergency medical or police and fire services.

It is not anticipated that the Project will impose any significant additional burdens on municipal or educational services.

12. The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts in which the project is located.

Sources of revenues to be generated by the Project include the tax revenues (both income and sales and use taxes) generated by the construction workers, PILOT payments proposed to be paid to the affected taxing jurisdictions during the life of the PILOT Agreement and the real property taxes generated when the Project Facility is placed on the tax rolls at the expiration of the Proposed PILOT Agreement.

13. The extent to which the proposed project will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the project is located.

The benefit is a positive one economically as the Project would not occur without the entering into of the Proposed Pilot Agreement. The Project will result in upgrades to NYSEG's power system as costs that will not affect local power consumer, lower power costs to local power consumers and increase the amount of clean energy being produced in New York State.