

**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 the agreement deviates from the provisions of the Agency’s Uniform Tax Exemption Policy (the “UTEP”).

Description of the Project

The project involves construction and equipping of a 20+/- megawatt (MW) AC battery energy storage facility comprised of multiple storage container buildings, commercial scale lithium-ion batteries, inverters, pad-mount transformers, electrical interconnection facilities and related improvements (the “Project”).

Location of the Project

The Project will be located on Centerline Road in the Town of Orangeville, New York.

Project Owner/Operator

The Project Operator is Orangeville Energy Storage LLC (the “Company”). The owner of the real property is Stony Creek Energy, LLC, an affiliate of the Company.

Proposed Financial Assistance from the Agency

The proposed financial assistance will include: (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 \$11,125,000.00; (ii) mortgage recording tax exemption on one or more mortgages in the aggregate amount not to exceed \$10,512,000.00; and (iii) real property tax abatement pursuant to a customized, non-standard IDA PILOT 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 assistance to wind energy projects, but does not address energy storage 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 \$1,475.00 per megawatt (MW) AC installed capacity, subject to an annual increase equal to the greater of 2.5% or the Bureau of Labor Statistics Consumer Price Index for the Northeast Region for the prior year. 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 twenty (20) 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 abatement for any special assessments levied on the Project.

The Agency's UTEP permits 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 Orangeville, New York. The UTEP provides for 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 1 acre, located on Centerline Road in the Town of Orangeville construction and equipping of a 20+/- megawatt (MW) AC battery energy storage facility comprised of multiple storage container buildings, commercial scale lithium-ion batteries, inverters, pad-mount transformers, electrical interconnection facilities and related improvements.

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

The project site consists of a parcel of land that is vacant and is currently zoned as a Low-Density District. A Special Use Permit was applied for by the Company and was approved by the Town Planning Board.

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 battery storage energy facility to be owned by the Company. The Company estimates six individuals will be working full-time construction jobs in connection with the acquisition, construction and installation of the Project Facility and one half of a fulltime equivalent (FTE) during operation. The FTE position will be filled by an individual local to the area. 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 battery storage facility. There will be only one half of a fulltime equivalent (FTE) permanent private sector job directly created or retained as a result of the project. The salary range is projected to be \$60,000 annually.

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

The value of the sales tax exemption for the Project is equal to approximately \$882,000. The value of mortgage recording tax exemption is \$131,400. 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. Energy storage is a critical component of New York's transition to cleaner energy. The Project will assist the State of New York in meeting its goal of 70% clean energy by 2030.

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

Investment by the Company will be approximately \$11,680,000. Every year the Company will contribute over \$100,000 to the communities of Wyoming County. These funds will be shared by the local fire department and emergency responders, schools, and agencies, contributing to and strengthening Wyoming County's economy.

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 deliver value locally and regionally, enabling renewable power generated in Wyoming County to be dispatchable and providing frequency regulation services that enhance the reliability and resiliency of the grid and increase the amount of clean energy being produced in New York State.