

Vermont Electric Cooperative  
42 Wescom Road  
Johnson, VT 05656

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January 15, 2007

Steve Vavrik  
UPC Wind Management  
100 Wells Avenue Suite 201  
Newton, MA 02459

Dear Steve,

The VEC Board of Directors has agreed to the terms of a Memorandum Of Understanding to acquire one-half the output of the Sheffield wind farm at 95% of the market price (95% of LMP) for the first ten years, and 90% (90% of LMP) of the market price for the following ten years.

VEC supports the project because the generation is local, and it reduces the dependency on natural gas, which VEC believes will have significant upward price pressure due to the increasing global demand for energy sources. VEC believes that new sources of energy are needed to offset the competition for existing sources. Additionally, New England is highly dependent on natural gas fired electric generation.

The MOU language was approved during the June, 2006 board meeting. The board actively discussed a fixed-price contract versus a market-based contract. The decision to take a market based contract was based on the following;

- The difficulty with wind is that it does not blow on request. It could be blowing while the market prices are low, and it cannot be depended on for base-load power. VEC believes the price for a fixed-price contract must be very low in order to mitigate this risk.
- The Sustainably Priced Energy Enterprise Development Program (SPEED) that was passed by the Vermont Legislature in 2005 was addressed by PSB rule 4.300 which states that power purchased by the speed facilitator shall be below the anticipated market rate.

VEC looks forward to the next steps on this project and would like to assist in any way possible. Feel free to contact me personally if you need further information.

Sincerely,



David Hallquist  
CEO, Vermont Electric Cooperative