

## Atlantic Green Power Holding Company

Solar project description – from SEC filings

[http://www.sec.gov/Archives/edgar/data/1397832/000121390010000415/f8k012910\\_atlgreen.htm](http://www.sec.gov/Archives/edgar/data/1397832/000121390010000415/f8k012910_atlgreen.htm)

### *Pittsgrove Solar Farm*

Effective November 30, 2009, Atlantic entered into a Ground Lease (the “Lease”) with Edward Stella, Jr., an executive officer and director of the Company, for certain undeveloped parcels of property in Pittsgrove Township, New Jersey aggregating approximately 700 acres (the “Property”), on which the Company intends to construct a solar farm. The Lease was negotiated between the parties at arm’s length and the amount of rent payable under the Lease is believed to be equal to fair market value.

The Lease is for a term of twenty-five years, and provided Atlantic is not in default under the Lease, Atlantic has the option to extend the Lease for four additional periods of five years each. The Lease authorizes Atlantic to develop and operate a renewable energy system on the Property. Base rent under the Lease is \$1,300,000 per year payable in equal monthly installments, which shall be phased-in as construction on the Property is completed and electricity is generated from the facilities located thereon. Until Atlantic is required to pay the full monthly amount of the base rent, Atlantic is required to compensate Mr. Stella for the loss of farming contract revenue due to the Lease on an annual basis, which shall not exceed \$90,000 in any year. In addition, Mr. Stella is permitted to use those portions of the Property on which construction has not yet commenced for farming purposes, and is permitted a right of access through the Property in order to access other parcels not leased to Atlantic.

In the event that Atlantic is not able to obtain all regulatory approvals necessary to begin construction of the solar farm on the Property before the expiration of the eighteen month period following execution of the Lease (the “Approval Period”), Atlantic shall have the option to terminate the Lease. Atlantic shall have the right to extend the Approval Period (i) for two additional consecutive periods of six months in exchange for a payment of \$50,000 for each such six month extension, and (ii) after the expiration of both six month extension periods, for successive periods of three months in exchange for a payment of \$25,000 for each such three month period. Upon Atlantic’s receipt of the requisite regulatory approvals for the construction and operation of the solar farm, Atlantic shall pay to Mr. Stella the sum of \$7,500,000, which shall not off-set amounts otherwise owed in rent.

Atlantic is granted an option to purchase the Property at any time before the eighth anniversary of the Lease for a purchase price of \$29,000,000, subject to certain credits for amounts previously paid under the Lease. Atlantic is also granted a right of first refusal with respect to the Property if Mr. Stella receives a bona fide offer to purchase the Property.

### *Access to Transmission Lines*

In order to sell electricity generated at the Pittsgrove solar farm, we will need to obtain access to the electric grid to transmit electricity to be sold to our customers. The electric grid that serves New Jersey and several surrounding states is managed by the federally-regulated regional transmission organization PJM Interconnection, LLC (“PJM”). PJM is an independent organization of over five hundred power generators, transmission owners, electricity distributors, power marketers and large energy consumers that is responsible for independently managing the regional transmission system and wholesale electricity market. Electricity that is generated by a generating facility, such as the Pittsgrove solar farm, is transmitted to the PJM interconnection grid and is available for purchase by wholesale and retail entities

that are licensed to transact on the PJM grid. Atlantic's application to PJM for access to the interconnection grid has been accepted, and the parties are in the process of conducting the necessary studies to determine the optimal interconnection points to the grid.

#### *Government Regulation*

The Company will potentially be subject to government regulation at the federal, state and local levels.

Under the Federal Power Act (the "FPA"), the Federal Energy Regulatory Commission (the "FERC") has exclusive rate-making jurisdiction over wholesale sales of electricity and transmission in interstate commerce. The FPA subjects "public utilities" within the meaning of the act to, among other things, rate and corporate regulation by the FERC. In particular, sellers of electricity at wholesale in interstate commerce and transmitters of electricity in interstate commerce are regulated by the FERC with respect to: the review of the terms and conditions of wholesale electricity sales and transmission of electricity; the need to obtain advance approval of certain dispositions of public utility facilities, mergers, purchases of securities of other public utilities, acquisitions of existing generation facilities and changes in upstream ownership interests; the regulation of their borrowing and securities issuances and assumption of liabilities; and the review of interlocking directorates.

To date, the Company, through the operation of Atlantic, has not made any sales of electricity, nor has it generated any electricity, and therefore the Company is not currently subject to the provisions of the FPA. In the event that the Company, through the operation of Atlantic, makes any wholesale sales or transmissions of electricity in interstate commerce, it will potentially be subject to the provisions of the FPA and the regulation of the FERC.

The Public Utility Holding Company Act of 2005 (the "PUHCA") provides, in relevant part, that any entity that owns, controls or holds power to vote 10% or more of the outstanding voting securities of a "public utility company" or a company that is a "holding company" of a public utility company or public utility holding company, is subject to certain regulations granting the FERC access to books and records and oversight over certain affiliate transactions. A "public utility company" is an "electric utility company" that owns or operates facilities used for the generation, transmission, or distribution of electric energy for sale. Certain exemptions are available for entities that are holding companies solely by virtue of their ownership of "qualifying facilities" under the Public Utility Regulatory Policies Act (the "PURPA") and for exempt wholesale generators. It is expected that Atlantic will meet the definition of "public utility company," and that the Company will be subject to the provisions of the PUHCA.

The Company will be subject to regulation by the New Jersey Board of Public Utilities, which has historically had broad authority to regulate both the rates charged by and the financial activities of electric utilities that sell electricity at retail, and a number of other matters related to electric utilities. New Jersey state law may also impose certain regulatory and reporting requirements on owners and operators of generation facilities.

In addition, the Company will be required to obtain approvals from the local zoning board and other permits before construction on the Pittsgrove solar farm can begin.

#### *Government Incentives*

Both federal and state governments have enacted measures to encourage the development and deployment of renewable energy technologies. Such measures include renewable portfolio standards,

renewable energy certificates, production tax credits, investment tax credits and accelerated tax depreciation.

Renewable portfolio standards (“RPS”) are programs that require electric utilities and other retail energy suppliers to produce or purchase a certain percentage of their annual electricity consumption from renewable energy sources. New Jersey is among the states that have adopted RPS programs. The New Jersey RPS program provides that 22.5% of electricity supplied by electric power suppliers to retail customers must consist of electricity generated from renewable sources by 2021, and that 2.12% (or approximately 1,500 MW) must consist of electricity generated from solar energy.

A renewable energy certificate (“REC”) is an intangible, tradable instrument that represents the attributes associated with one Mega Watt hour of energy produced from a renewable energy source. State governments, including New Jersey, use RECs to monitor compliance with RPS programs. Many RPS programs impose an “alternative compliance payment” upon energy suppliers that fail to meet renewable energy requirements under the program. Energy suppliers can purchase RECs as evidence of having purchased renewable energy to avoid alternative compliance payments. RECs effectively serve as a production subsidy for energy produced from renewable sources.

The federal production tax credit provides a tax credit of 2.1 cents per kilowatt-hour of energy generated from wind for a ten year period beginning on the date that a wind turbine is placed into operation. The production tax credit was extended by the American Recovery and Reinvestment Act in 2009 and is now scheduled to expire on December 31, 2012.

In lieu of the production tax credit, wind turbine operators can elect to receive an investment tax credit of 30% for facilities placed in operation in 2009 and 2010, and for facilities placed in operation before 2013 if construction begins before the end of 2010. The investment tax credit is eligible for conversion to a grant from the United States Department of the Treasury.

Finally, wind farm assets are deemed to have a five-year depreciable life, a significantly shorter period than the fifteen to twenty-five-year depreciable life of many non-renewable energy assets. The shortened useful life for wind farm assets can result in a significantly accelerated realization of tax depreciation for wind farm operators compared to operators of other energy-producing facilities.

### *Competition*

Large utility companies, which rely primarily on traditional non-renewable energy sources such as coal, hydro natural gas and nuclear power, dominate the energy production industry in the United States. Electricity produced from renewable sources, including solar and wind energies, faces competition from these other traditional non-renewable sources as the producers of electricity from renewable sources seek for their sources to be accepted as a viable, cost-effective alternative to traditional non-renewable energy sources. It is expected that the primary competition for the renewable energy industry will continue to come from coal and other non-renewable energy sources.

In addition to competition from non-renewable energy sources, the Company will face competition from other renewable energy suppliers, including from those suppliers with operations located in New Jersey and in surrounding states. It is expected that competition within the renewable energy industry will intensify in the next several years as more companies enter the market and commence operations.

### *Suppliers*

The Company will rely on third party suppliers to supply solar panels and other equipment required to construct the infrastructure of the Pittsgrove solar farm. Solar energy used to generate electricity is naturally-occurring, but availability will be subject to meteorological and atmospheric conditions.

#### *Distribution of Products*

It is anticipated that the Company will sell electricity generated from the Pittsgrove solar farm to a public utility located in the State of New Jersey. The Company will also sell RECs to energy suppliers. However, a definitive plan of distribution has not been determined as of the date of this report.

#### *Employees*

As of February 3, 2010, the Company had four employees, including our three executive officers, Robert Demos, Jr., President and Chief Executive Officer, R. Scott Byrne, Chief Operating Officer, Secretary, and Treasurer, and Edward Stella, Jr., Vice President of Project Development. All of our employees are based at our corporate headquarters in West Atlantic City, New Jersey.

#### *Properties*

Atlantic's principal offices are located at Bayport One, Suite 455, 8025 Black Horse Pike, West Atlantic City, New Jersey, where Atlantic leases approximately 1,488 square feet of commercial office space. In addition, Atlantic leases from Edward Stella, Jr., an executive officer and director of the Company, certain parcels of undeveloped land located in Pittsgrove, New Jersey aggregating approximately 700 acres. Atlantic intends to develop, construct and operate a solar farm on the property. See "Description of Business – Pittsgrove Solar Farm" above for more information on the Pittsgrove, New Jersey lease.

#### *Legal Proceedings*

None.