

Mr. Sunny Customer and Ms. Happy Buyer

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cust@buyer.com

Solar Analysis provided by:
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9.6 kW Commercial PV System

Site Address:
117 So Mary Ave, #30
Sunnyvale, CA 94087



July 4, 2006

Mailing Address:
117 So Mary Ave, #30
Sunnyvale, CA 94087

ELECTRICAL ENERGY USAGE, BILLING & TAX INPUTS & ASSUMPTIONS

1500 kWh Average Winter Monthly Historic Usage
1500 kWh Average Summer Monthly Historic Usage
18000 kWh Total Annual Historic Usage

18000 kWh Total Annual Estimated Usage with lifestyle/occupancy changes
About 100% of Historic Usage

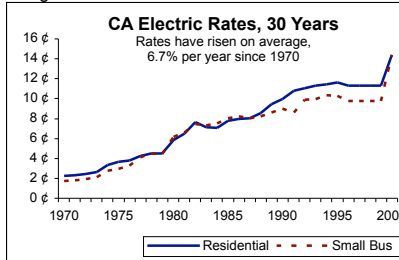
18000 kWh Total Annual Estimated Usage factoring in Energy Efficiency gains (excluding solar)
About 100% of Lifestyle Adjusted Usage

Rate Schedule: PG&E A1 -- Small Commercial, Non-TOU, Non-Demand
Recommended New Rate Schedule: PG&E A6 -- Small, Med & Large Commercial, TOU, Non-Demand

35% Federal Income Tax Rate
8.8% State Income Tax Rate
43.8% Combined Fed & State Income Tax Rate

3.5% Assumed General Inflation (maintenance, etc)
The CPI has increased 3.5% annually since 1981

5.0% Assumed Electric Rate Inflation
Average California Electric Rates have increased 6.7% annually since 1970



SOLAR ELECTRIC SYSTEM

9.573 kW PV system size (CEC AC Rating)

Comprising 42 Sharp Corporation ND-208U1 modules and 2 SMA America SB3800U (240V) inverters
PV Array is 22° up from horizontal, and facing S

1023 square feet, approximate roof area required
Module dimensions are 64.6" by 39.1"

5.3 Hours of equivalent full noontime sun occurs at Sunnyvale, CA
This is based on 30 year annual average data for nearby San Francisco, CA (SFO Airport)
found in the NREL Redbook (rredc.nrel.gov/solar/pubs/redbook)

This level of sunshine can vary +/- 9% year to year due to weather

70% Total system efficiency factor, accounting for:
inverter, module heating, wire losses, dust & dirt, and module mismatch factors
Normal per CEC guidebook is about 71%
This does not include shading or array orientation factors

5.3 Hours of effective full noontime sun, factoring in shading & orientation

15,595 kWh/year estimated production (1,629 kWh per year per kW CEC AC Capacity Rating)
Offsets about 87% of estimated/adjusted future usage

0.5% Annual Module Degradation Rate (normally 0% to 1%)
Affects future energy production due to module aging

Disclaimer: This information is provided as an illustration of potential financial benefits stemming from ownership of a renewable energy power system. This is not a production guarantee. These estimates should be confirmed by a professional accountant or tax advisor. Neither OnGrid Solar nor any authorized user warrants the applicability of these estimates for particular business cases, and both disclaim all liability

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ENERGY COSTS/SAVINGS	
HISTORIC ENERGY COSTS WITHOUT SOLAR:	
\$	241 Historic Average Monthly Charges
ESTIMATED FUTURE ENERGY COSTS WITH ADJUSTMENTS IN USAGE (BEFORE SOLAR)	
\$	241 Average Monthly Charges accounting for adjustments in usage
ESTIMATED FUTURE ENERGY COSTS WITH SOLAR AND ADJUSTMENTS	
\$	18 Average Monthly Charges with Solar
SAVINGS USING SOLAR:	
\$	222 Savings in 1st month due to solar (with usage adjustments) Savings will increase over time as electric rates rise
\$	2,666 First year savings due to solar

SYSTEM PRICING	
\$	78,369 Total System Cost (includes full service, parts, delivery, installation, warranty, sales tax)
\$	-
\$	-
\$	-
\$	-
\$	78,369 Gross Top Line Cost (\$8.19 per CEC AC Watt)
\$	(24,889) Rebate Incentive at \$2.60 per Watt
\$	53,480 System Price after Rebate (typically, the net contract amount)
\$	696 Estimated Permit Fees NOT included in system contract price
\$	-
\$	-
\$	54,175 Cost After Rebate & Fees (may be the Tax Creditable Amount, see Tax Advisor)
\$	8,711 Federal Tax on Rebate
\$	-
\$	-
\$	(23,719) Federal Tax Credit
\$	(27,383) Depreciation value accelerated to present (depends on new fed rules on % depreciation allowed)
\$	11,784 Net System Cost with Tax Benefits
\$	-
\$	-
\$	11,784 TOTAL NET AFTER-TAXES COST OF SYSTEM

FINANCING	
8.0%	Loan Rate
10 years	Loan Term
100%	Loan % of TOTAL NET AFTER-TAX COST
\$	11,784 Loan Amount
\$	- Net Cash Required
\$	42,391 Short Term Cash Required Until Tax Benefits are received



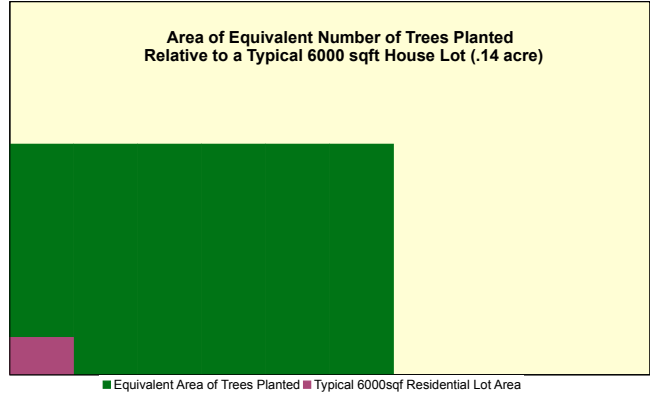
ENVIRONMENTAL BENEFITS:

15,595 kWh/year estimated system production of electricity, or about 87% of the estimated future usage

Over 25 years, this solar system is estimated to offset:

- 611,613 lbs of CO₂, the leading greenhouse gas
- 1,963 lbs of NO_x, which creates smog
- 1,777 lbs of SO₂, which causes acid rain
- 121 lbs of particulates which cause asthma
- 995,156 miles driven in an average car, or 39,806 miles a year

**It's like taking 3.2 cars off the road for 25 years.
 Or planting 5.2 acres of trees.**



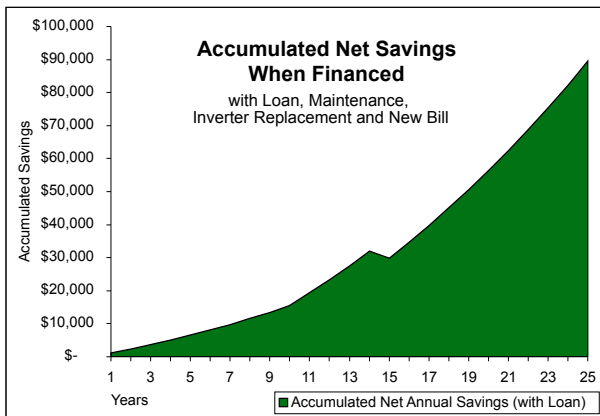
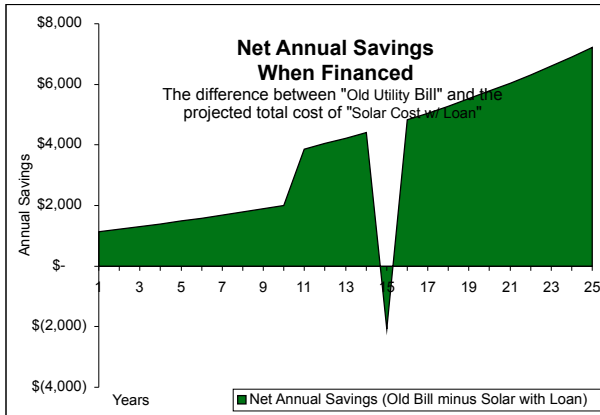
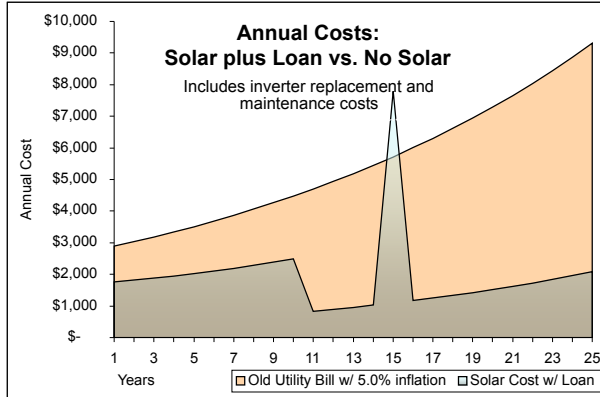
RETURN ON INVESTMENT SUMMARY (see following pages for detail)

CASH FLOW	
\$	206 Electric Bill Savings in 1st Month (before electric rate inflation)
\$	(112) 1st Month Net Cost of a 8%, 10 year loan
\$	94 NET SAVINGS / CASH FLOW IN FIRST MONTH
	Net monthly savings will increase due to electricity inflation, but decrease due to reduced interest (tax deduction) portion of loan repayment. Savings get larger, because inflation works faster than reduction in interest.
ANNUAL RATE OF RETURN	
	10.6% Effective After-Tax Rate of Return
	For comparison with other investments Additional value as a hedge against future electric rate increases
TOTAL LIFECYCLE PAYBACK (Cumulative Electric Bill Savings Over 25 Years including system expenses)	
\$	104,494 equals 887% return on initial system cost of \$11,784
	6.4 Years to Cash PAYBACK
EQUITY / PROPERTY VALUE INCREASE:	
\$	41,256 Appraisal Journal Estimated Immediate Increase in Property Value or 350% of the system's cost
	Based on 20 x First Year's Net Savings of \$2,470 Equity increases \$20 for every \$1 saved in annual utility expenses ref: The Appraisal Journal, Oct 98 see www.ongrid.net/AppraisalJournalPVValue10.98.pdf
	This Resale Value will continue to increase as electric bill savings increase due to inflation This increase is limited by the total remaining savings expected within 25 years
\$	64,535 Maximum resale value based on estimated remaining savings to 25 years. Occurs at year 11



Your Logo Here

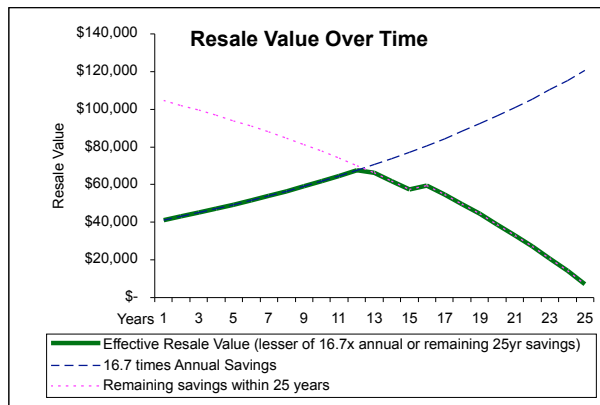
CASH FLOW:	
\$	206 Electric Bill Savings in 1st Month (before electric rate inflation), plus REC & PBI income
\$	(112) 1st Month Net Cost of a 8%, 10 year loan
\$	94 NET SAVINGS / CASH FLOW IN FIRST MONTH
	Net monthly savings will increase due to electricity inflation, but decrease due to reduced interest (tax deduction) portion of loan repayment. Savings get larger, because inflation works faster than reduction in interest.



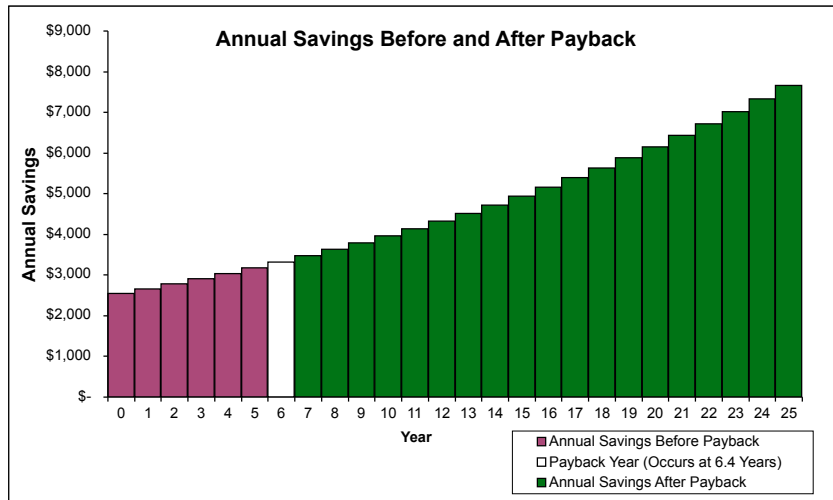


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\$	<p>67,485 Maximum resale value based on estimated remaining savings to 25 years occurs at year 12</p>



TOTAL LIFECYCLE PAYBACK (Cumulative Electric Bill Savings Over 25 Years including system expenses)	
\$	<p>104,494 equals 887% return on initial system cost of \$11,784 6.4 Years to Cash PAYBACK</p>



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Compound Annual Rate of Return Detail



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Commercial After-Tax Analysis

Year:	0	1	2	3	4	5	6	7	8	9	10	11	12
Operating Savings:													
Avoided electricity Purchases		2,666	2,786	2,912	3,043	3,180	3,323	3,472	3,629	3,792	3,962	4,141	4,327
No REC Value Included													
No Performance Based Incentive Included													
Heating & Air Conditioning Savings													
Roof Maintenance Savings													
Operating Expenses:													
System Maintenance at 0.25% of gross system cost per year		(196)	(203)	(210)	(217)	(225)	(233)	(241)	(249)	(258)	(267)	(276)	(286)
System Capital Cost with Fees, before Rebates	(79,064)												
Rebates	24,889												
Inverter Replacement at \$700 per kW in Year 15													
Energy Efficiency Net Expense													
Operating profit (loss):	(54,175)	2,470	2,584	2,702	2,826	2,955	3,090	3,231	3,379	3,534	3,695	3,864	4,041
Federal & State Tax benefits													
Fed Tax Creditable Basis:	79,064												
30% Federal Investment Tax Credit in 2006	23,719												
State Tax Creditable Basis:	54,175												
No State Tax Credit Available													
Federal Tax on Rebate		(8,711)											
Federal Depr Basis: Fed Tax Credit Basis minus 1/2 the Fed Credit	67,205												
MACRS 5 year Accelerated Federal Depreciation (%)	20.0%	32.0%	19.2%	11.5%	11.5%	5.8%							
MACRS 5 year Accelerated State Depreciation (%)	20.0%	32.0%	19.2%	11.5%	11.5%	5.8%							
MACRS 5 year Accelerated Federal Depreciation	4,704	7,527	4,516	2,705	2,705	1,364							
MACRS 5 year Accelerated State Depreciation	1,188	1,901	1,141	683	683	345							
Fed income tax on state depreciation	(416)	(665)	(399)	(239)	(239)	(121)							
Total Depr Value:	5,477	8,763	5,258	3,149	3,149	1,588							
Value of lost Federal tax deduction of electricity expense	(865)	(904)	(946)	(989)	(1,034)	(1,082)	(1,131)	(1,183)	(1,237)	(1,293)	(1,353)	(1,414)	(1,479)
Value of lost State tax deduction of electricity expense	(218)	(228)	(239)	(250)	(261)	(273)	(286)	(299)	(312)	(327)	(342)	(357)	(374)
Fed Tax Benefit on State deduction loss of electricity expense	76	80	84	87	91	96	100	105	109	114	120	125	131
After-Tax Net Annual Profit/Loss for IRR	(30,456)	(1,771)	10,293	6,859	4,823	4,900	3,419	1,915	2,002	2,094	2,190	2,290	2,394
After-Tax Cash Flow, Cumulative	(30,456)	(32,227)	(21,933)	(15,075)	(10,251)	(5,351)	(1,932)	(17)	1,985	4,079	6,268	8,558	10,953

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Year:	13	14	15	16	17	18	19	20	21	22	23	24	25
Operating Savings:													
Avoided electricity Purchases	4,522	4,725	4,938	5,160	5,392	5,635	5,889	6,154	6,430	6,720	7,022	7,338	7,668
No REC Value Included													
No Performance Based Incentive Included													
Heating & Air Conditioning Savings													
Roof Maintenance Savings													
Operating Expenses:													
System Maintenance at 0.25% of gross system cost p	(296)	(306)	(317)	(328)	(340)	(352)	(364)	(377)	(390)	(403)	(418)	(432)	(447)
System Capital Cost with Fees, before Rebates													
Inverter Replacement at \$700 per kW in Year 15			(6,701)										
Operating profit (loss):	4,226	4,419	(2,080)	4,832	5,053	5,283	5,525	5,777	6,041	6,316	6,605	6,906	7,221
Federal & State Tax benefits													
Value of lost Federal tax deduction of electricity expense	(1,479)	(1,547)	728	(1,691)	(1,768)	(1,849)	(1,934)	(2,022)	(2,114)	(2,211)	(2,312)	(2,417)	(2,527)
Value of lost State tax deduction of electricity expense	(374)	(391)	184	(427)	(447)	(467)	(488)	(511)	(534)	(558)	(584)	(610)	(638)
Fed Tax Benefit on State deduction loss of electricity expense	131	137	(64)	149	156	163	171	179	187	195	204	214	223
After-Tax Net Annual Profit/Loss for IRR	2,504	2,618	(1,233)	2,863	2,994	3,131	3,274	3,423	3,579	3,743	3,913	4,092	4,279
After-Tax Cash Flow, Cumulative	13,457	16,075	14,843	17,706	20,699	23,830	27,104	30,527	34,106	37,849	41,762	45,854	50,133

ANNUAL RATE OF RETURN

Effective After-Tax Rate of Return

10.6% IRR (After-Tax Rate of Return)

For comparison with other investments

Additional value as a hedge against future electric rate increases

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Loan & Resale Value Annual Detail



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LOAN:

Year:	0	1	2	3	4	5	6	7	8	9	10	11	12
Loan Balance	11,784	10,971	10,092	9,143	8,118	7,012	5,817	4,526	3,132	1,626	0		
Payment (monthly)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(0)		
Interest (monthly)	(79)	(73)	(67)	(61)	(54)	(47)	(39)	(30)	(21)	(11)	(0)		
Tax Deduction Benefit (monthly)	34	32	29	27	24	20	17	13	9	5	0		
Net Monthly Loan Cost	(112)	(114)	(117)	(120)	(123)	(126)	(129)	(133)	(137)	(142)	(0)		
Annual Electric Bill without Solar (what it would be with Lifestyle changes, but without Energy Efficiency)	2,888	3,032	3,184	3,343	3,510	3,685	3,870	4,063	4,266	4,480	4,704	4,939	5,186
New Annual Energy Cost (New Electric Bill plus Maintenance & Inverter Replacement Cost)	417	448	482	517	555	595	638	684	732	784	839	898	960
Loan plus new electric bill, maintenance, inverter replacement	1,760	1,820	1,884	1,953	2,026	2,106	2,190	2,281	2,379	2,483	839	898	960
Cash Flow (annual)	1,128	1,212	1,300	1,390	1,483	1,580	1,679	1,782	1,887	1,996	3,864	4,041	4,226
Cash Flow (monthly)	94	101	108	116	124	132	140	148	157	166	322	337	352
ACCUMULATED LOAN CASH FLOW:	1,128	2,340	3,639	5,029	6,513	8,093	9,772	11,554	13,441	15,437	19,302	23,343	27,569

INCREASED RESALE VALUE:

Increased resale value factor: 16.7	41,256	43,145	45,121	47,186	49,346	51,604	53,965	56,434	59,015	61,713	64,535	67,485	70,570
Remaining savings within 25 years	104,494	102,024	99,440	96,738	93,913	90,958	87,868	84,636	81,257	77,723	74,028	70,164	66,123
Effective Resale Value (lesser of 16.7x annual or remaining 25yr savings)	41,256	43,145	45,121	47,186	49,346	51,604	53,965	56,434	59,015	61,713	64,535	67,485	66,123

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LOAN:

Year:	13	14	15	16	17	18	19	20	21	22	23	24	25
Loan Balance													
Payment (monthly)													
Interest (monthly)													
Tax Deduction Benefit (monthly)													
Net Monthly Loan Cost													
Annual Electric Bill without Solar (what it would be with Lifestyle changes, but without Energy Efficiency)	5,186	5,445	5,717	6,003	6,303	6,618	6,949	7,297	7,662	8,045	8,447	8,869	9,313
New Annual Energy Cost (New Electric Bill plus Maintenance & Inverter Replacement Cost)	960	1,026	7,797	1,171	1,251	1,335	1,425	1,520	1,621	1,728	1,842	1,963	2,092
Loan plus new electric bill, maintenance, inverter replacement	960	1,026	7,797	1,171	1,251	1,335	1,425	1,520	1,621	1,728	1,842	1,963	2,092
Cash Flow (annual)	4,226	4,419	(2,080)	4,832	5,053	5,283	5,525	5,777	6,041	6,316	6,605	6,906	7,221
Cash Flow (monthly)	352	368	(173)	403	421	440	460	481	503	526	550	575	602
ACCUMULATED LOAN CASH FLOW:	27,569	31,988	29,907	34,739	39,792	45,075	50,600	56,377	62,417	68,734	75,338	82,244	89,466

INCREASED RESALE VALUE:

Increased resale value factor: 16.7	70,570	73,795	77,167	80,693	84,379	88,232	92,261	96,474	100,878	105,483	110,297	115,330	120,592
Remaining savings within 25 years	66,123	61,897	57,478	53,558	49,726	46,674	44,390	42,866	41,089	39,948	39,428	39,512	39,992
Effective Resale Value (lesser of 16.7x annual or remaining 25yr savings)	66,123	61,897	57,478	53,558	49,726	46,674	44,390	42,866	41,089	39,948	39,428	39,512	39,992

LOAN & RESALE:
25 Year Accumulated Net Positive Loan Cash Flow: \$89,466
Maximum Resale Value: \$67,485 occurs at Year 12

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