



CONVERGENT ENERGY + POWER

Battery Storage Proposal, Pricing, and Project Completion Guarantee



TERMS VALID
THROUGH
June 15,
2021

CONVERGENT



Executive Summary

Large commercial and industrial power consumers in Ontario pay 65% more for electricity than large consumers in the rest of Canada. This is due to the structure of the Global Adjustment (GA) charge.

Convergent Energy + Power (Convergent) is the most dependable provider of energy storage solutions in North America—and the largest owner/operator of battery storage in Canada. Convergent provides battery energy storage systems to reduce GA charges by “peak shaving,” or dispatching the battery when electricity is most expensive.

The savings generated by using electricity from the battery—rather than the grid—during those peaks is currently valued at \$450,000/MW. If your facility’s load is 5MW, a Convergent BESS can save \$2,250,000 annually, a savings shared between Convergent and the customer.

To show our commitment to moving forward and our confidence in our ability to execute, we are willing to share our savings splits with you upfront and provide a commercial guarantee if you sign a contract with us by June 15, 2021. ***Our guarantee: if we fail to energize the system by June 15, 2022, we will pay you CAD \$50,000.***

This offer, which includes our pricing and project delivery guarantee, is only good for contracts signed by June 15, 2021. Traditionally, grid peaks occur on some of the hottest days of the summer. Since it takes about a year to bring a system online, it is critical to get started now in order to capitalize on the value of the BESS in 2022.

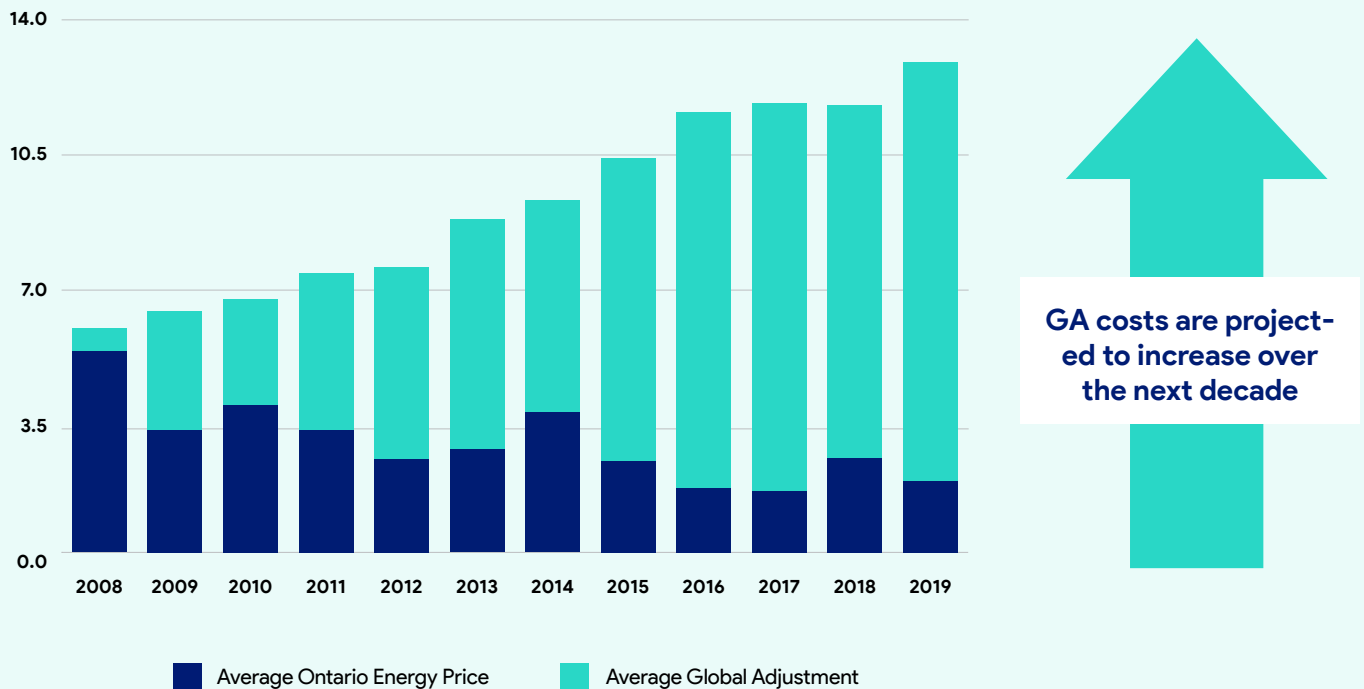
Convergent brings unparalleled expertise and a singular track record of results to our customers, which include Shell Canada, Ford, Husky, and Pilkington, among others.

The cost of missing 2022 savings is significant. If you’re able to move quickly, so are we.

Global Adjustment: A Rapidly-Rising Cost

Global Adjustment (GA) is the driving force behind Ontario's rising energy costs; it typically accounts for over 60% of every dollar spent on electricity by Class A customers.

Ontario Electricity Pricing Trends



TREND ANALYSIS

In 2020, large commercial and industrial facilities in Ontario were paying **65%** more for electricity than large facilities in the rest of Canada, with each MW of 5CP demand costing over \$600,000 annually.

Due to the rapid escalation of GA costs in the last 3 years, the December 2020 Provincial Budget moved over **\$3B of cost out of GA and onto the tax base**, reducing the value of each MW of 5CP demand to approximately \$450,000.

Several factors – such as the retirement of the Pickering Nuclear plant and refurbishment of the Darlington and Bruce Nuclear plants – are expected to keep GA costs at \$450,000/MW or more over the next decade.

Convergent Guarantee

As a Class A customer, the rate you pay for electricity is largely determined by your contribution to grid peaks, and these peaks typically occur in the summer. In fact, the recently released peaks from the base period of May 1, 2019 to April 30, 2020 all occurred in July.

The only way to lower your cost exposure to summer 2022 peaks is to sign a contract with Convergent by June 15, 2021. It takes about one year to get a project online; Convergent, the largest developer and operator of battery energy storage systems in Canada, can deliver a project in time to maximize the value of summer 2022.

OUR PROJECT COMPLETION GUARANTEE

Sign a contract with Convergent by June 15, 2021 to receive a guaranteed, fully commissioned energy storage solution at your facility by **June 15, 2022**; terms and conditions apply*.

OUR GUARANTEE:
**If we fail to energize the system by June 15, 2022,
 we will pay you CAD \$50,000.**

*Delivery of the system dependent on receiving required client materials and signatures, timely interconnection approval, and no vendor or pandemic delays. Savings splits and offer terms only good through June 15, 2021.

100% COMPLETION RATE

Convergent is the only developer with a 100% project completion rate (pending utility approval) and has brought the largest number of MW online in Ontario; our customers, which include Shell, Husky, Pilkington, and other Fortune 100 businesses, have saved over \$20M and counting.

There is still time to dramatically lower your bill next summer – if we can get started now.

Pricing

Convergent's battery energy storage solution requires **no capital expenditure** from customers; all of the savings and revenue generated are shared. To show our commitment to moving forward, we are willing to share our savings splits with you upfront.

The following table shows the share of value created that Convergent's customers will keep. For reference, Convergent typically sizes a system to match a customer's average 5 CP load, minus a 200kw buffer (to avoid the risk of backfeeding to the grid if a customer's load drops).

Battery systems benefit from economies of scale, meaning the bigger the system, the more value the customer keeps. Value is defined as savings from avoiding Global Adjustment charges as well as revenue from ancillary services (such as demand response or operating reserve), and energy procurement savings (achieved from arbitraging low and high energy costs).

Note, these splits assume the average Global Adjustment cost is \$450,000 per MW per year. Splits offered will vary according to GA value so that Convergent customers will earn more if GA charges increase; customers may earn less if GA charges fall. All splits assume a single point of utility metering at the customer site.

CONVERGENT SAVINGS SPLITS AND VALUE

More detailed values will be provided in a customized proposal for your facility.

Facility Load Size	Projected Annual Value	Customer Share	Convergent Share
2MW	\$900,000	25%	75%
3MW	\$1,350,000	30%	70%
4MW	\$1,800,000	33%	67%
5MW – 6MW	\$2,700,000	35%	65%
7MW – 8MW	\$3,600,000	40%	60%
9MW – 10MW	\$4,500,000	42%	58%

Convergent's pricing reflects its experience bringing assets on-line in Ontario over the last five years and the real costs associated with our 100% completion rate.



About Convergent

Convergent Energy + Power is the most dependable provider of energy storage solutions in North America.

With a decade of expertise, Convergent finances and manages all aspects of the energy storage development cycle to help customers reduce electricity costs and increase reliability. Convergent's commercial, industrial, and utility-scale assets yield seven-figure savings from day one while advancing the clean energy transition. Convergent's proprietary asset management platform, PEAK IQ[®], optimizes performance and maximizes value. With over \$350M in capital committed, Convergent is the leading independent owner and operator of energy storage and solar-plus-storage solutions.

CONVERGENT IN ONTARIO

Convergent is the first company to bring an energy storage solution online to reduce Global Adjustment charges. Our Province portfolio includes nearly 50 MW of operating assets; our operating portfolio across North America is nearly 100 MW.

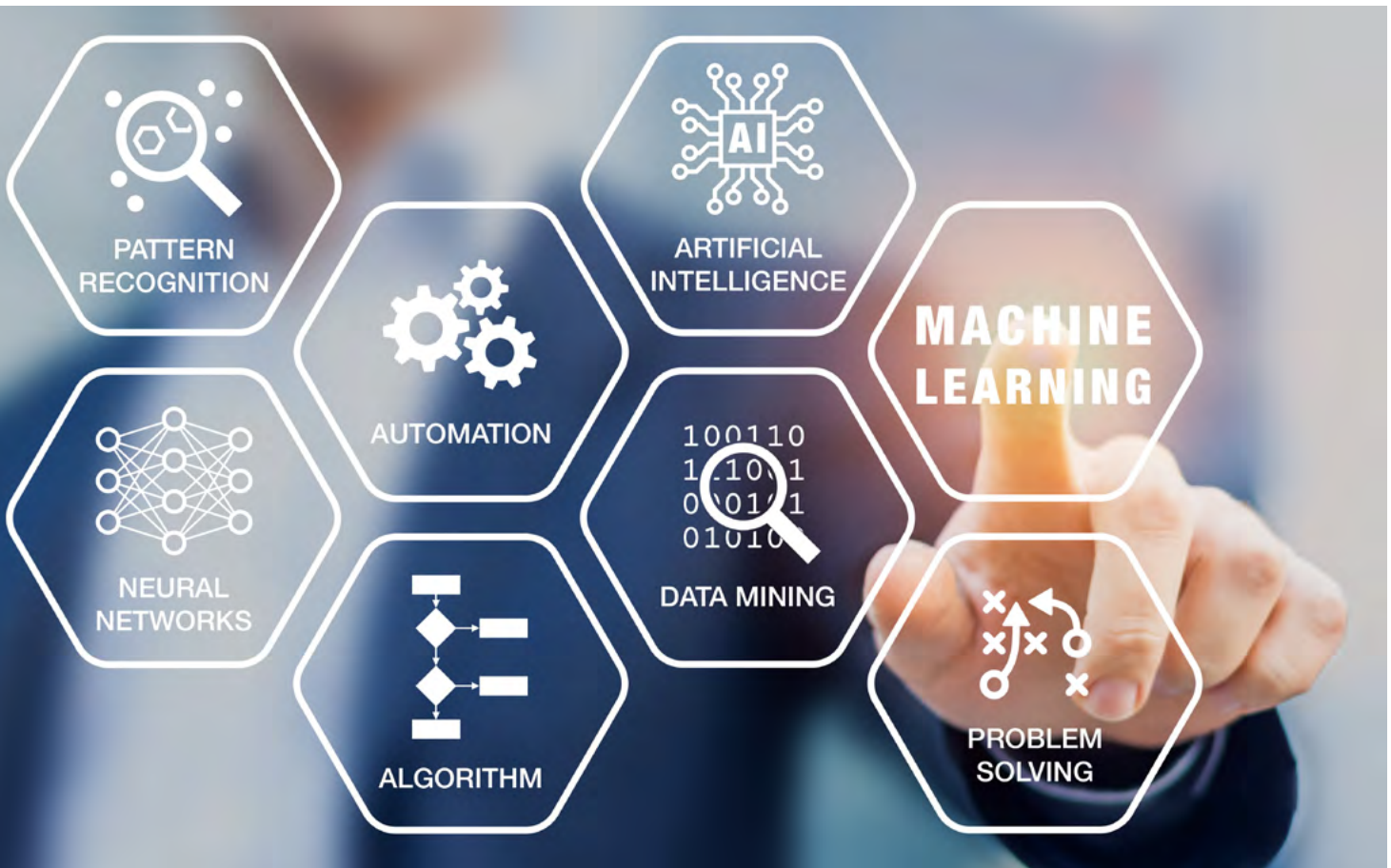
ONTARIO COMMERCIAL &
INDUSTRIAL CUSTOMERS
INCLUDE:



HUSKY[®]



Maximize Value with PEAK IQ[©]



A battery needs to be actively managed—and monitored—to deliver optimal performance.

Convergent’s PEAK IQ asset management platform creates maximum value for our customers. We’ve saved our customers over \$20M by using state-of-the-art machine learning, artificial intelligence, and advanced analytics to make data-driven decisions about when and how to dispatch energy storage for optimal value creation.

How PEAK IQ Works

PEAK IQ is the result of nearly 10 years of research, development, and operation.

The decision about when to discharge an asset is determined by both intrinsic and extrinsic factors (e.g., customer load characteristics, utility rate tariffs, wholesale market pricing, grid peak times, weather forecasts, etc.). PEAK IQ optimizes the dispatch of the asset through a combination of human ingenuity, artificial intelligence, and machine learning.

Convergent Customer Testimonials

We have traditionally connected to load customers or generators, but batteries were a new area [for us]. The Convergent team was a really great group to work with. Any time we needed technical expertise they were able to get the right people and get all the right players to the table to make a smooth and successful project.

Rob Harten

Manager of Engineering, PUC Services Municipal Utility of Sault Ste. Marie

Convergent has a strong track record of delivering cost savings and resiliency services to large industrial customers. This energy storage offering complements the broader suite of solutions, including energy efficiency and energy management, that we already provide.

Eric Bradley

Global General Manager Connected Energy, Shell New Energies

We look forward to realizing significant savings from this system to help us remain competitive over the long term. This battery system is a crucial part of our innovative, forward-looking strategy to decrease both operating costs and our overall environmental impact.

Robert Meek

Director, Global Facilities, Husky Inject Molding

Case Studies



Sarnia, ON

10MW / 20MWH BESS

In 2017, Convergent built the largest behind-the-meter facility in North America at a petrochemical refinery in Sarnia. In 2018, the project received the Energy Storage North America Innovation Award.



Sarnia, ON

10MW / 20MWH BESS

Brockville, ON

600KW / 1.2MWH BESS

In 2019, Convergent entered a joint venture with Shell to build 21 MWh of behind-the-meter energy storage at its facilities in Sarnia and Brockville. These projects were commissioned in October 2019.



Bolton, ON

4.2MW / 8.520MWH BESS

This system is reducing Global Adjustment charges for Husky Injection Molding Systems, a large industrial facility, and was the first ever Global Adjustment system to come online in Ontario.

Contact



The value of missing the savings generated by hitting summer 2022 coincident demand peaks and reducing Global Adjustment charges is too great to miss. If you're able to move quickly, so are we.

This offer, which includes our pricing and project delivery guarantee, is only good if we can get started by **JUNE 15, 2021**.

Contact us to take advantage of this limited-time offer and save your facility seven figures on its electricity bill.

TREMOR TEMCHIN

Vice President

Business Development

Convergent Energy + Power

ttemchin@convergentep.com

647.372.5553

CONVERGENT

150 King St. W., Ste. 200,
Toronto, ON M5H 3T9

convergentep.com