



Energy that's good for people!

Inside this letter:

Vision & Mission	2
Products & Services	3
Market Growth	4
Partners	5
Strategy	6
Investment	7

Contact:

- 36 Leafwood Circle,
San Rafael, CA 94901
- (415) 256-1748 voice
(415) 256-1753 fax
- pilgrim@ccenergy.com

The United States is impacted by the ups and downs of a nationwide energy problem. Nowhere is this felt so acutely as in the state of California. During the winter of 2000, there was a shortage of natural gas, which led to alarming increases in the average person's energy bill. Then came the electricity crisis,

service cutbacks, daily threats of rolling blackouts and Stage One energy emergencies in California. More recently, events on the morning of September 11, 2001 made us all painfully aware of how vulnerable we are to the social and political instability of the region we rely on for most of our energy.

No better time to invest in renewable energy

Photovoltaic (PV) manufacturing is no longer merely a cottage industry that appeals only to small niche markets. This year, PV module shipments are expected to surpass the 400-megawatt-per-year mark, representing a \$2.5 to \$3 billion market. This is a real business - one that has been growing by more than 35% per year during the past 2 years, and in the

range of 25% per year for the last 5 years. Much of the recent growth is attributed to markets that have shifted from almost completely remote, off-grid installations to nearly 60% grid-connected, distributed power. These applications are not small niches. They represent a significant growth path for PV - the true distributed power source.

The need for consumer marketing

Surveys and direct market research have shown that the retail market for renewable energy equipment lacks the quality and quantity of information to make it truly efficient. Those inefficiencies have hampered the widespread acceptance of solar and wind energy generation equipment in the residential and business markets. "I think these companies in the solar business have had their heads in the laboratories so long that they haven't got the foggiest

idea how to sell the stuff", says David Freeman, California Energy Czar. "There's a pent-up demand out there that requires marketing efforts. I think that individual people can send them a signal that you need to expand, you need to expand rapidly. I'd like to see this thing develop as something that's commercially sound." In short, there is a huge market opportunity in making the move to renewable energy easy and satisfying for consumers.

The Cooperative Solution

CCEnergy is a cooperative corporation that exists to benefit its members. This means that we act on behalf of our member/clients, the buying public. The cooperative is not a non-profit organization. It is a business and, like any business, it must be profitable or it

will not last. Our financial analysis indicates that this business should be profitable within the first year of operation. However, we need funding to cover start-up costs and initial working capital requirements.



Imagine a world where...

... a home PV system is just as normal and essential as the water, sewer, and heating systems for all new houses.

... people on fixed incomes, such as our retired citizens, can have peace of mind knowing that their on-site electricity costs are fixed and are not subject to the unpredictable fluctuations of energy markets and ever-increasing utility rates.

... all cars on the road have electric motors and fuel cells that are recharged from PV systems at home and at the parking garages downtown.

... electricity from the sun is as widespread and abundant as the sunlight, itself, so that conflicts over oil and other energy resources are a dim memory.

We are on the cusp of a new era of energy independence

The personal computer that is so ubiquitous today did not exist 20 years ago. Computers at that time were million-dollar machines that required special rooms and support staff; people gained access by remote terminals that were useless unless connected to the central computer. The typical PC today is affordable yet thousands of times more powerful than the "big iron" mainframes of old. These PCs are connected in vast networks of other "peers", each able to give and receive information, yet also able to operate completely independently.

This is a useful analogy for thinking about the change that is about to take place in the photovoltaic (PV) and electric utility

Cooperative Communities

CCEnergy will provide buying power for our Members and exert pressure on the market to be responsive to the needs of our members and communities.

CCEnergy will make renewable energy systems familiar and affordable to average consumers so that the choice to install a renewable energy system becomes as simple as buying electricity from the centralized power utility.

Mission

Cooperative Community Energy provides reasonably priced renewable energy solutions for homes, businesses, and municipalities.

Cooperative Community Energy works with its Members to install energy solutions that are environmentally and

industries. Instead of information, think of electricity. Instead of mainframes, think of centralized coal-fired electricity plants. For PCs, think PV.

Right now, we are in the "early adopter" phase for consumer acceptance of PV for residential and small businesses. We are about to enter the phase where average consumers embrace PV technology and accelerate the process of commoditization of PV equipment, just as PC components are commodity items today. **The key is access to equipment at lower cost and a service oriented marketing approach that removes the mystery and makes it easy for consumers to purchase and install PV systems for their homes.**

CCEnergy is committed to promoting efficient and mutually beneficial relationships between installation professionals and their clients.

CCEnergy will work arm-in-arm with local electricians, contractors, and building authorities so that the community at large benefits from a growing pool of professionals qualified to install, inspect and service renewable electricity generating equipment.

economically sensible.

The fees earned from the co-op's primary business of reselling renewable energy equipment are used to engage the energy-consuming and -providing public in the building of safe and lasting renewable energy solutions.



Energy independence for stronger communities

"I started researching Energy Cooperatives and see that there are several models for distributing power, but haven't found one yet that has the focus on empowering customers to choose renewable energy systems - you seem to have filled an important niche."

- Liz Merry, Davis Solar Group, on the market niche for CCEnergy



CCEnergy will provide renewable energy and energy conservation products at discount prices.

Photovoltaic Systems

The main components of a photovoltaic system are **solar panels** and **inverters**.

Solar panels convert light energy into electrical current and come in two main forms:

- 1) Crystalline – These consist of solar cells made of a silicon semi-conductor material that is sliced into very thin wafers. They are the most efficient panels for a given surface area.
- 2) Amorphous – These use a different manufacturing method whereby the silicon material is deposited onto the substrate material. They are less efficient than crystalline, but are also much cheaper.

Inverters convert the DC electricity from the PV array into AC that can be used by typical household wiring and appliances. These also come in two main forms:

- 1) Grid-tie – When the PV array produces electricity, the inverter sends AC to the sub-panel and any excess flows to the utility grid. If the grid goes down, the inverter shuts off.
- 2) Grid-tie with battery backup – These have the added benefit of backup power if the utility grid goes down.

An array of 20 120-watt panels can generate over 2 kilowatts (or about 10 Kwh daily); this is enough to power an energy-efficient home in the Bay Area.



"I think it would clear up everything. It takes a lot of the stress off the overcrowded transmission system. And also, it's time we started speaking up - there isn't any more room in the air for any more pollution. They use these technical words like 'unattainment zone.' That's just bull... for 'this is unhealthy air that you're breathing.' I don't know how many more power plants we can build, even clean ones. They still pollute."

- David Freeman, California Energy Czar, on the impact of distributed solar power (Pacific Sun, Aug 8, 2001)

Follow-on Products and Services

Wind Turbines

Small business and home sized turbines generate 1 to 50 kilowatts. A residential wind turbine can be a relatively large device and is not suitable for urban or small-lot suburban homes. Property size of a quarter acre or more is advisable.

Energy conservation

The Co-op will provide a great deal of information about energy conservation equipment and supplies. Many energy conservation measures, such as thermostat adjustments can be applied without spending a cent and the savings are substantial.

Solar Thermal

Instead of utilizing the sun's light, these systems absorb the heat and makes it available for space heating and hot water. Solar heating is the most cost-effective solar technology for residential users and a natural companion to PV.

Services for Consumers and Professionals

Cooperative Community Energy provides services for energy professionals and energy consumers alike. Energy consumer services include site inspections, design review, contractor referrals, building permit expediting, quality

assurance and ongoing service maintenance.

Cooperative Community Energy professional services support the Co-op principle that there is plenty of work to go around and there is no need to withhold

information. In fact, the sharing of information, about the best techniques for installing and maintaining energy systems, will increase consumer confidence and lead to increasingly higher demand.





The Sky is the Limit

Worldwide photovoltaic (PV) module shipments have grown by more than 34% for the last two years and shipments in 2001 are expected to have increased by 40-50%. This will bring total PV shipments for 2001 to about 400 megawatts.

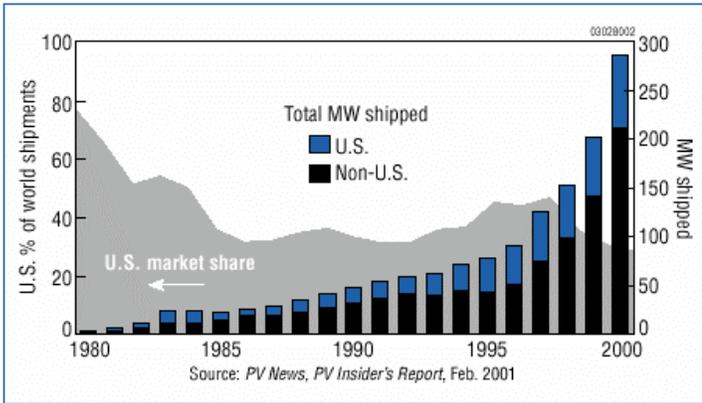
This represents about a \$2.5 to \$3 billion market. The U.S. portion of the industry now approaches \$1 billion per year and is expected to grow to the \$10-15 billion level in the next 20 years and provide 300,000 jobs by 2025. Lower prices and vast market demand have combined to spur solar module production.

served in the western United States.

In addition to a much broader consumer base, the PV industry is benefiting from substantially lower costs of production. The cost of producing PV modules has dropped from a high of \$50 per watt in 1980 to less than \$3 per watt today. Installed PV now produces electricity at 15-25 cents per kilowatt-hour, and certain State of California incentives bring PV kilowatt-hour costs to 11 cents - equal to the lowest residential utility rates prevalent in California today.

Residential and business customers are gobbling up PV as fast as it can be made and this segment of the market has vast potential. Less than 1% of the total potential demand for residential and business PV has been

"The PV industry will increase 15 times over the next 20 years."



Local Market

Marin County is the home of CCEnergy. However, the Co-op considers most of California a nearer-term potential market. Many of the guiding principles of the co-op reflect the values of the Marin community, but we have also gained support from many parts of Northern California and the larger national community. Several other groups are eager to align themselves with CCEnergy and set up local offices under the CCEnergy corporate umbrella.

CCEnergy will only reach 2% of the total installation capacity after 5 years of operation using current projections. Additional offices are planned for Sebastopol, Santa Cruz, and Davis.

\$16,000 after all rebates.

Large and Small Businesses

Of the 9,600 registered businesses operating out of 3,400 buildings, about half require their own source of power for lighting, heating and cooling, and operating equipment and appliances. A 10,000 square-foot retail building would benefit from a system costing about \$80,000 after all rebates and other concessions are applied. This system would provide 20-60% of the power consumed, pay for itself in 10 years, and provide a return of about \$75,000 over the life of a solar PV system.

Residential

Out of 104,900 Marin County households, 64,024 are owner occupied and mainly single-family homes, which pay among the highest monthly energy bills per square foot. About half of these homes could benefit from currently available renewable power. Most Marin households can afford to install a 2-kilowatt system, totaling about



West Marin Farm
-- Photo by Alan S. Plisskin

By itself, Marin can provide CCEnergy with enough demand to reach our first and second year financial goals.



CCEnergy has established strategic relationships with the following organizations:

Energy Co-Opportunity - ECO (Energy Co-Opportunity) is a cooperative made up of cooperatives. ECO provides its members with new energy solutions, including access to distributed energy technologies. Its business model has been to aggregate utility industry demand for electric generating equipment and supplies in order to negotiate better prices from manufacturers and other suppliers. CC Energy may participate in this aggregated bulk-purchasing program to procure PV equipments and pre-engineered systems at the lowest possible prices.

Rebuild America - Rebuild America is a U.S. Department of Energy (DOE) program whose mission is to build partnerships among communities, states, and the private sector to improve building performance, and to provide a gateway connecting people, resources, ideas and practices for energy solutions to community needs.

Million Solar Roofs - The Million Solar Roofs Initiative (MSR) is an initiative within the US Department of Energy. Its goal is to install solar systems on one million rooftops across the United States by 2010. MSR is working with partners in the building industry, local governments, state agencies, the solar industry, electric service providers, and non-governmental organizations to remove barriers and strengthen the demand for solar technologies.

Endecon Engineering - Endecon Engineering is a leader in Distributed Generation and Storage technologies with world-renowned credentials in the field of photovoltaics. They provide design, installation, and evaluation of generation and storage systems, specializing in renewable resources. They also train installers, building inspectors, and other interested parties on the latest design, installation, code-compliance, operation and maintenance.

California PV Alliance - The California PV Alliance is a collaborative group dedicated to accelerating the commercialization of photovoltaics. Participants include equipment manufacturers, distributors, installers, utilities, non-profit organizations,

government agencies, and solar advocates.

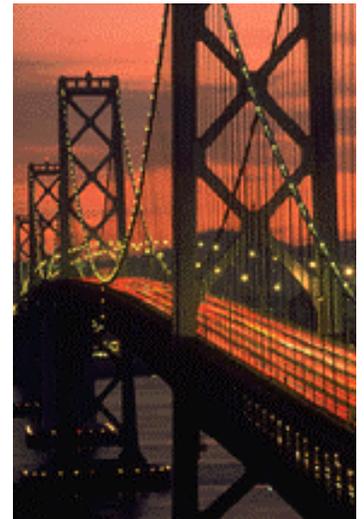
STARNet - STARNet provides consulting and management services for the formation of alliances and partnerships. Their mission is to maximize the value of collaborative efforts between organizations, particularly in the field of technology development between public and private organizations. STARNet advises on the feasibility and design of an alliance or partnership, using an alliance formation and operation methodology customized to public sector agencies.

Verve Enterprises - Verve Enterprises is a small consulting firm working for a better environment, more efficient use of resources, and successful partnerships between non-profit, government, and for-profit organizations.

Berkeley Energy Office - The City of Berkeley Energy Office provides services and information to electricity and natural gas consumers in Berkeley. They offer free energy-saving information, and provide access to rebate and incentive programs available for homeowners, renters, and commercial energy consumers.

Local Government Commission - A nonprofit, nonpartisan, membership organization, the Local Government Commission (LGC) is composed of forward-thinking elected officials, city and county staff, and other interested individuals. The LGC provides a forum and technical assistance to enhance the ability of local governments to create and sustain healthy environments, healthy economies, and social equity.

ICF Consulting - ICF Consulting, one of the world's leading management and analytical consulting firms, assists clients in managing the world's natural, physical, economic, and community resources in a sustainable way. They provide services and products to help optimize energy resources, meet environmental challenges, and foster economic and community development. In particular, ICF helps energy enterprises develop, analyze, and implement strategies for a rapidly changing environment.





More Power for the Consumer

In an industry where most of the leverage has gravitated to a small number of aggregators (companies that assemble the basic components of solar systems), consumers are left with few alternatives to paying inflated prices to contractors.

Contractors are at a disadvantage even when purchasing directly from the manufacturers. They cannot generate the sales volume of the aggregators and, to make matters worse, the aggregators compete directly with contractors for the largest and most profitable installation jobs.

CCEnergy fundamentally changes the value chain by going direct to the major manufacturers and reselling equipment to

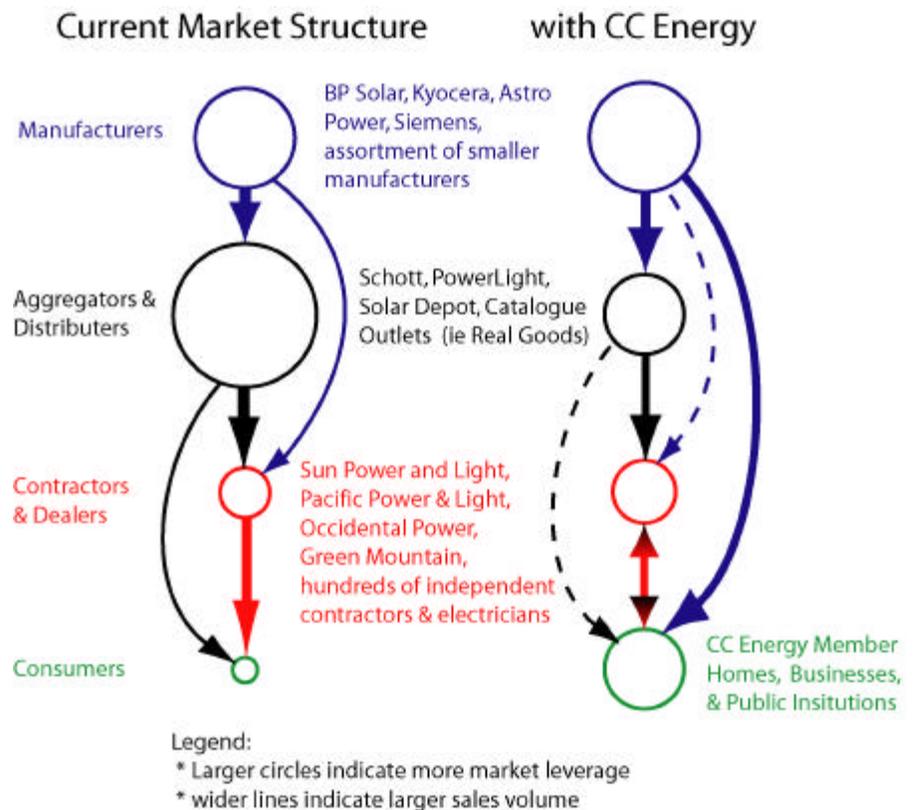
the consumer. CCEnergy does not compete with the contractor for any installation jobs. With CCEnergy there are more contracting jobs and those jobs are profitable.

CCEnergy expects aggregators to attempt to defend their current market advantages by taking steps such as lowering prices and adding services.

CCEnergy can meet and beat the competition while enriching the local economy. CCEnergy systems can be installed for 15% below the average market price without compromising quality, and large retailers simply can't provide our level of community service.

CCE Critical Mass

- ☞ Completed business and operational plan
- ☞ Ratified cooperative Bylaws, Member Agreement and other legal documents
- ☞ Registered corporation and filed necessary Federal tax ID, state resellers permit, and local business licenses
- ☞ Established key relationships:
 - Staff hired and sales contracts drafted
 - Membership drive underway
 - Major suppliers and channels in place
 - Energy industry partners engaged
 - Local contractors and installers on board
 - Advisory board members recruited



CCEnergy's Time Has Come

CCEnergy derives efficiency from aggregated purchasing, consolidated administration and mutually beneficial agreements with local contractors who want to work with CCEnergy qualified customers.

CCEnergy is positioned to bring quality renewable energy to our Members at fair prices and provide the service and infrastructure for sustainable growth of the solar industry.

Cooperative Community Energy

36 Leafwood Circle
San Rafael, CA
94901-1653

PHONE:
(415) 256-1748

FAX:
(415) 256-1753

E-MAIL:
pilgrim@ccenergy.com



We're on the Web!

See us at:

www.ccenergy.com

Sensible Solutions for Sensible People

Do you really feel that PG&E is looking out for your best interests? Do you really feel as though the State of California has served you well by first deregulating the electric utilities and then bailing them out at great taxpayer expense? Don't you think it's time for a different

approach to energy policy that is based on common sense and the needs of ordinary citizens? If the billions of dollars that the State of California spent buying electricity and natural gas at extortionary prices had been spent investing in renewable energy, we could be self-

sufficient in electricity. Even if our elected officials could say "No" to the electric utilities, it is still up to the public to take the lead in finding new solutions to the energy crisis that are based on renewable energy, sound economics, and sustainable principles.

Invest in CC Energy and "Act Locally"

Use your investment dollars to help the local community and the planet. We put your money to work for energy self-sufficiency, cleaner air, and a safer planet ... and still provide competitive returns. We believe that, in the long run, "green" companies can be more

profitable than companies that pollute. That means a better future for everyone. After all, why invest in companies that pollute and threaten the Earth when you can invest in environmentally responsible companies instead? "Think globally, act locally" is more than

just a slogan. Invest in a company that can coordinate community efforts with other shareholder/members so that, together, we can work to influence the market and government policies to adopt cleaner, safer, healthier practices and products.

About Our Organization...

CC Energy is a cooperative corporation that exists to provide members with renewable energy equipment and services at reasonable prices. Members purchase shares to join.

Members control the governance of the cooperative through the Board of Directors elected by the membership. The profits of the cooperative may be redistributed to the membership annually. CC

Energy is guided by well-established cooperative principles, and by the same ethical business practices as other for-profit businesses.

CC Energy

36 Leafwood Circle
San Rafael, CA 94901-1653

