

TERMINOLOGY

DISTRIBUTION SYSTEM: A power line system that comprises the parts of an electric power system between the sub-transmission system and the consumers' service switches. Typically these are the power lines installed on poles made out of wood that actually connect to your facility.

INTERNAL RATE OF RETURN (IRR): The discount rate often used in capital budgeting that makes the net present value of all cash flows from a particular project equal to zero. Generally speaking, the higher a project's internal rate of return, the more desirable it is to undertake the project.

INDEPENDENT SYSTEM OPERATOR (ISO): An organization formed at the recommendation or direction of the Federal Energy Regulatory Commission (FERC). In the areas where an ISO is established, it coordinates, controls, and monitors the operation of the electric power system.

MEGAWATT (MW): A megawatt (MW) is a unit of power equivalent to 1,000,000 watts.

MEGAWATT HOUR (MWH): A megawatt hour (MWh) is equal to 1,000 kilowatt hours (kWh). It is equal to 1,000 kilowatts of electricity used continuously for one hour.

MODIFIED ACCELERATED COST RECOVERY SYSTEM (MACRS): The current method of accelerated asset depreciation required by the United States income tax code.

NAMEPLATE CAPACITY: The amount of power a wind turbine can produce at its rated wind speed. The definition of rated wind speed can be found below.

NET METERING: Net metering is a series of state laws that state, for a given customer with a given generator (usually a clean energy generator), that the utility company can only bill based on the NET electricity consumed at the end of the billing period. This means that it does not matter when you use the energy or when you produce it, because you are only billed on the net difference. In some cases, utilities are required to pay for net excess generation. Laws vary widely throughout the country.

ON-SITE GENERATION WIND ENERGY: The use of a wind turbine to directly offset a facility's electric consumption under net-metering rules.

POWER PURCHASE AGREEMENT (PPA): A contract between two parties: one who generates electricity for the purpose of sale (the seller), and one who purchases the electricity (the buyer).

RATED WIND SPEED: The speed at which a turbine produces its nameplate-rated power production.

RENEWABLE ENERGY CERTIFICATE (REC): A certificate that is proof that one megawatt-hour (MWh) of electricity was generated from a renewable energy resource. Once the electricity provider has fed the electricity into the grid, the Renewable Energy Certificate (REC) they received can then be sold on the open market as a commodity. RECs provide an additional income stream to the energy provider, thus making it a bit more attractive to produce "green" energy.

TRANSMISSION: The electric grid that connects generators to distribution substations.

TURBINE: A device for converting the flow of a fluid (air, steam, water, or hot gases) into mechanical motion that can be used to produce electricity.