

Acorn Energy Solar 3

**An Investment Opportunity in Local
Community-Owned Solar Generation**

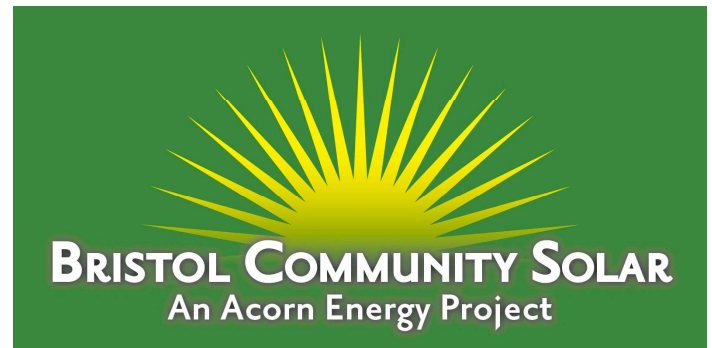
May, 2021

Contents

AES3 Flyer	2 pages
AES3 Frequently Asked Questions	12 pages
AES3 Term Sheet	2 pages
AES3 Operating Agreement	19 pages
AES3 Offering Memorandum	35 pages

TOP 10 Things to Know about Investing in BRISTOL COMMUNITY SOLAR (BCS)

- 10** BCS will construct a 500 kW AC solar array consisting of 1,694 440-Watt solar panels, occupying a little over three acres of land on the site of the former landfill at 80 Pine Street in Bristol.
- 9** You can purchase a unit (a unit corresponds to a 405 watt section of the array) in BCS if you are a Vermont resident, have a Green Mountain Power meter for electrical usage, and are a member or become a member of the Acorn Energy Co-op.
- 8** A typical family home could meet its electrical needs with the purchase of 5 to 15 units.
- 7** Investment return comes in the form of dollar credits applied each month on your GMP electric bill, based on the amount of electricity produced during the previous month. BCS will charge you an annual administrative fee to cover insurance, maintenance, land lease payments, etc.
- 6** Vermont law limits your participation to \$10,000 (or \$20,000 for two adults) unless you meet certain income or net worth requirements.
- 5** Units are being sold on a first-come, first-served basis.
- 4** Units can be reserved by subscribing and paying a \$70 non-refundable deposit for each unit.
- 3** Construction of the array will begin once all units have been sold; currently targeted for sometime this summer.
- 2** A single unit is priced at \$702. Minimum purchase is five units or \$3,510.
- 1** The expected internal rate of return (IRR) for each unit is 6.98% with a payback in about twelve years.



Further Information can be found in:

- Bristol Community Solar Term Sheet
- Frequently Asked Questions
- Vermont Crowdfunding Offering Memorandum
- Operating Agreement of Bristol Community Solar

Bristol Community Solar
info@acornenergycoop.com
PO Box 66, Middlebury, VT 05753

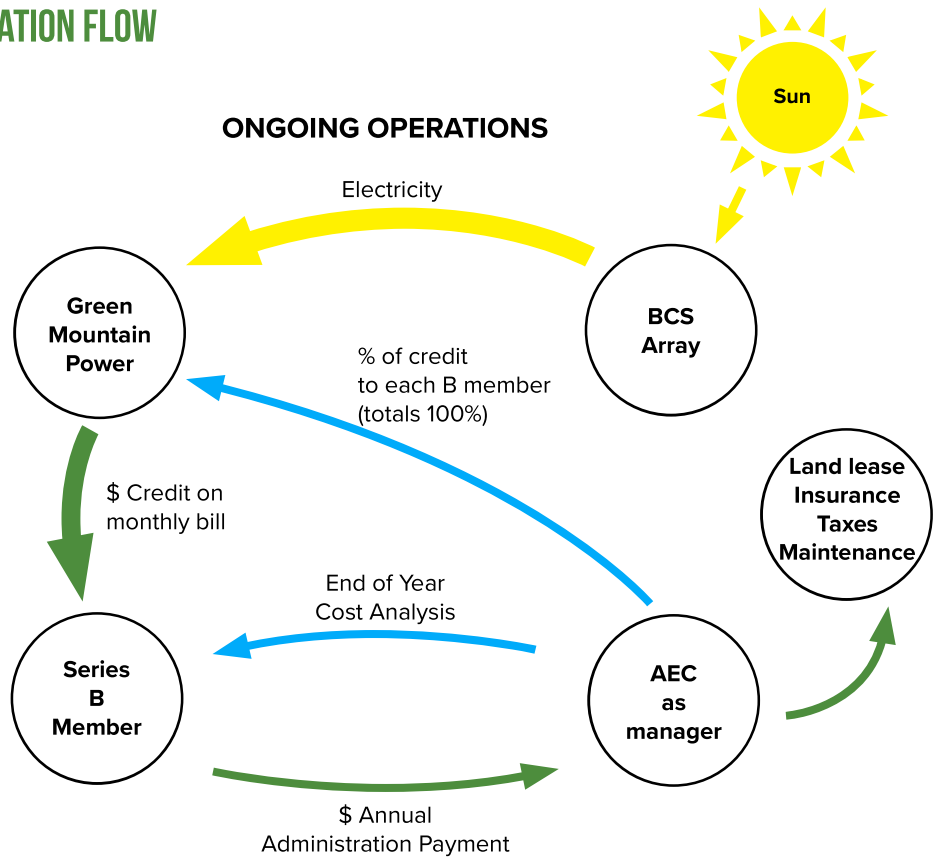
HOW ELECTRICITY, MONEY AND INFORMATION FLOW

There are four elements:

- Series B Member
- BCS Array
- Acorn Energy Co-op as Manager
- Green Mountain Power

The flows are color coded:

- Energy - yellow
- Information - blue
- Dollars or credits - green



HOW MANY UNITS TO PURCHASE

- Check total kWh you use per year; available from GMP
- Check table to determine the number of units corresponding to your annual kwh usage
- Determine whether this many units can be purchased given your investor type (typical, certified, or accredited)
- Acorn Energy Co-op can help with this determination

NUMBER OF UNITS PURCHASED BASED ON ANNUAL ELECTRICITY USAGE

Number of kWh used per Year	2,500	5,000	7,500	10,000	15,000
Number of Units	5	10	15	20	30
Total Cost (\$)	3,510	7,020	10,530	14,040	21,060
Net Credit/year - 1st 10 years (\$)	250	500	750	1000	1500
Return on Investment - 1st 10 yrs	7.1%	7.1%	7.1%	7.1%	7.1%

NOTE: One unit corresponds to the credits earned by a 405-watt section of the array

BENEFITS OF INVESTING IN BCS

- Net credits on GMP bill (after expenses) pay for the investment in about 12 years
- Total credit over 25 years is approximately 2.1 times the initial investment
- Ideal solar orientation to maximize electricity production
- Renters and condo owners are able to participate
- Makes solar possible if your yard or roof is not suitable
- Helps move Vermont toward the goal of 90% renewable energy by 2050

Bristol Community Solar (BCS) -- Frequently Asked Questions

Note: Since this is our third community solar project in Addison County, we initially named it Acorn Energy Solar 3 (AES3), and on April 6, 2020, we created a legal entity, Acorn Energy Solar 3 LLC, to oversee the project formation and development process. At a meeting with the Bristol select board on January 11, 2021, it was agreed to use the name, Bristol Community Solar (BCS), but AES3 LLC remains the legal entity that owns the Project.

Q1: Community Solar - How does net metering work?

A: In Vermont, the energy generated from an individual's share of a community owned solar project is purchased by the utility that serves that area (Green Mountain Power in this case) for the retail price of that energy minus a size adjuster of (\$0.02 per kilowatt hour (kWh) for the life of the project, and an adder for its preferred site and REC assignment (\$.01 per kilowatt hour (kWh) for the first ten years of operation). The consumer's electric bill is then credited at that amount. The resulting monthly amount due to GMP is the "net" of the cost of electrical consumption minus this credit.

Q2: Do I have to be close to the solar array to participate?

A: No. You do not need to live close to the array. You must, however, be a current electrical customer of Green Mountain Power (GMP) the utility that is receiving the electricity generated by the array.

Q3: What if my share of the Project generates more electricity than I consume?

A: If your share of the array generates more electricity than you use for any given month, you will receive a credit on your account. This credit rolls over monthly. Therefore, the extra solar power that is generated during the long days of summer can be credited towards energy usage in the shorter days of winter. Unused net metering credits do expire, however, after twelve months, starting with the oldest credits on your account.

Q4: How long will this community owned solar project operate?

A: The solar panels for Bristol Community Solar (BCS) are expected to produce at least 85% of their original output through the 25th year of operation. BCS's financial projections are based on 25 years. The Project owners may decide whether to extend operation beyond that time.

Q5: Who can participate as a Series B investor (as described in the Offering Memorandum) in BCS?

A: You must be a Vermont resident, a GMP customer, and. a member of the Acorn Energy Co-op (or become one).

Q6: I live in the GMP utility service area, but I rent. Can I still participate?

A: Yes, provided that you have an electric meter for your rental unit. Your share of the array is credited against your electric bill, so it doesn't matter whether you rent or own your home. If you receive a GMP electric bill, you can net meter and participate in the Project.

Q7: How is the credit to my monthly utility bill determined?

A: Your bill will be credited based on your pro-rata share of the entire array's production. Note that the credits will only offset energy charges on your bill (and demand charges, if any), but will

not offset the non-bypassable charges (as now defined by GMP) such as energy efficiency charges, rental charges for GMP equipment (such as water heaters), customer charges, electric assistance program charges, etc.

Q8: What if I move?

A: The net metering credits generated from your share of the Project are attached to your electric account, not your residence. If you move to another property within the GMP service area, you can simply have your credits re-allocated to your new electric account. If you move to another property outside of GMP's service area, you may be able to sell your share of the Project to a new or existing Series B Member, or, if you are selling your home, include your share of the Project in the real estate sale. Such arrangements are not the responsibility of BCS.

Q9: How can I add to or subtract from my allocation (i.e., number of units)?

A: Once all units have been spoken for, you may not increase or decrease your number of units unless another member wishes to sell their units or to buy yours.

Q10: I already have solar panels on my roof. May I also participate in BCS?

A: Yes. However, your non-bypassable charges cannot be offset by AES3 credits. For those who installed solar at their residence prior to 1/1/17, this means that you will lose the ability to offset non-bypassable charges that you have been able to do previously. The reason is that the net-metering rule, PUC 5.100, changed effective January 1, 2017.

Q11: How much does it cost to buy in, and what is the minimum?

A: Each Series B Unit corresponds to a 405-watt section of the array and is priced at \$702. The minimum investment is five units or \$3,510.

Q12: Is financing available for solar projects?

A: Financing may be available from a number of lending institutions. Check with your local lender.

Q13: Are there tax benefits for Project participants?

A: Yes, but 99% of the Project tax benefits will be assigned to the Series A Member, whose participation in the Project helps to keep the cost down for the Series B Members.

Q14: You refer to the Series A Member and Series B Members in your Offering Memorandum and the Operating Agreement. Who are they and how are they treated differently?

A: The Series A Member will be the Co-operative Insurance Companies of Middlebury. Co-operative Insurance is providing approximately 30% of the capital to construct the Project. They will not be taking energy credits from the Project; rather, they will receive 99% of the federal tax credits and depreciation associated with building the Project, during the first six years of Project Operation.

The Series B Members will be providing 70% of the capital to construct the Project through their purchase of the units of the Project. The Series B Members will hold the remaining 1% of the Project tax credits and depreciation and will have limited voting rights for the first six years of Project Operation. During those years, Acorn Energy Co-op will be the Project Manager. Series B Members will be investing their own funds and will be receiving net metered energy credits

from GMP and, as a group, 1% of the tax credits and (if one or more Series B investors is a business) 1% depreciation.

After the six-year period, the equity structure will “flip” so that the Series B Members will be allocated 95% of the profits and losses of Acorn Energy Solar 3, and related benefits, and the Series A Member will be allocated the remaining 5%. By that time, the tax credits will have been used and the depreciation will have been mostly used. Also, after the end of the six-year period, the Series A Member will have the right to require AES3 LLC to repurchase its Series A Member Units for their “post-flip” fair market value. If the Series A Member’s Units are repurchased, then the Series B Members will have 100% voting control of AES3, with the right to appoint, remove, and replace the Manager of AES3. In this case, all Series A Units will be retired.

Q15: How will Series B Members pay for ongoing Project maintenance, insurance, and administrative expenses?

A: The Manager of BCS (Acorn Renewable Energy Co-op) will pay all such expenses from available AES3 LLC funds and invoice the Series B Members on a pro-rata basis once each year to cover the expenses. Moreover, this method is used to build a cash reserve sufficient to purchase all Series A Membership Interests after six years of Project operation, resulting in the Project being completely owned by the Series B Members.

Q16: Are businesses or non-profits (such as churches) eligible to participate? If yes, how will the credits work related to the different rates and demand charges on business accounts?

A: Yes, businesses and non-profits may participate. Because both the GMP credits and the BCS expense charges are expressed in dollars, it makes no difference what billing rates are used on the GMP bill; a dollar amount is credited to the bill based on the number of units owned.

Q17: When do I need to finalize my subscription, submit my deposit, and pay the remainder?

A: To hold your place, AES3 requires your deposit (\$70 per unit, which you will lose if you fail to purchase your reserved units). Once 95 percent of all units have been subscribed, you will be notified and your full payment will be due approximately two weeks thereafter at the Project’s financial closing. Once you have submitted a deposit, we will keep you apprised of subscription progress and the approximate closing date.

Q18: What will happen to my deposit if the Project does not go forward?

A: All deposit moneys that you have paid will be fully refunded.

Q19: Where is the Project site and what are its general physical characteristics? Is there support from the Town?

A: The Project, consisting of 1,694 solar panels, 440 watts DC each, will cover a little over three acres of undulating terrain on the 12-acre capped landfill site, located at 80 Pine Street in Bristol. Please refer to the site map provided with the Offering Memorandum. The Project is proposed to be located on land owned by the Town of Bristol. Bristol has executed a lease option agreement granting AES3 the right to build the Project in the proposed location. The lease option agreement and the underlying lease were approved by the Bristol Select Board in open session.

Q20: What is the generating capacity of the Project and expected number of kWh produced annually?

A: The Project can produce a maximum of 500 kW per hour during ideal conditions, such as full sun. We expect the Project to put about 929,400 kWh onto the GMP grid in the first full year of operation. Thereafter we expect the panels will lose approximately 0.5% of their productivity annually.

Q21: I use about 7,000 kWh annually. How many units should I subscribe for?

A: Your consumption is about 0.75% of the Project's production, so you should consider subscribing for .75% of the 1,840 units, or 14 units. Note that purchasing this amount will greatly reduce, but likely not totally eliminate your electric bill, due to BCS administrative costs and GMP non-bypassable charges, which cannot be offset with current net metering credits.

Q22: What are REC's and how are they handled?

A: A Renewable Energy Credit (REC) is a tradeable credit indicating that a megawatt hour of renewable energy has been generated. This Project will assign the RECs it generates to GMP with the understanding that the utility will use them to help Vermont meet its goal of 90 percent renewable energy by 2050.

Q23: How do I transfer Series B Membership Interests to a willing buyer if I leave the area?

A: Contact BCS's Manager as soon as you have identified the buyer. The Manager will verify that the purchaser has a GMP account and meets any other legally required investment criteria. The Manager will register the new buyer and then cancel your subscription. Before this can happen, the new Series B Member must agree to be bound by the BCS Operating Agreement and the commitments that other Series B Members have made. Because the Series B Membership Units are not registered on any stock exchange, it is possible that the purchaser of your home – or another prospective buyer – will not be eligible to purchase your Series B Membership Units, and you should be prepared to hold your Series B Units indefinitely. However, recent experience at our Shoreham project (AES2) demonstrated a strong demand for unit sales to other project subscribers.

Q24: What happens to my Series B Membership if I die?

A: Your Series B Membership Interest may be passed on to your heirs, provided that they are GMP customers residing in Vermont and otherwise qualify to be a Member. In addition, your Series B Membership Interest has value and can be sold to a person who is a GMP customer who also qualifies to be a Member of BCS, subject to applicable securities laws and the transfer restrictions described in the previous paragraph. For example, if your estate sells your home, and the buyer qualifies legally to be a Member, the buyer may elect to purchase the Membership along with your home, so long as the buyer agrees to be bound by the AES3 Operating Agreement and the commitments that other Series B Members have made.

Q25: Does BCS commit to buying my units back if I leave the area and cannot use them?

A: No, but the BCS Manager will maintain a list of any individuals/organizations, if any, who have indicated an interest in purchasing Series B units and will provide it to you upon request.

Q26: Will there be any opportunity to "cash out" my investment during the 25-year period?

A: The Series B Units are not publicly traded; the only opportunity to sell them is as described above.

Q27: What happens if the array is damaged or destroyed?

A: BCS will carry insurance coverage to mitigate this risk. Depending on the severity of the damage, the year in which the damage occurs, etc., the insurance carrier will either provide funds to rebuild or to liquidate. The Operating Agreement provides guidance on how recovery funds are to be allocated among Members. Certain events may not be insurable.

Q28: What happens if a Series B Member does not remit their share of operating expenses?

A: The BCS Manager will monitor expense payments, contact those who are in arrears and instruct GMP to stop posting credits to the Member's electric bill if adequate payment is not made within a reasonable timeframe. Persistent failure to meet these annual payments, after notice and opportunity to cure, will result in forfeiture of a member's Membership Interests and a termination of all rights under the Operating Agreement.

Q29: What happens if I move from the GMP service territory, but do not find a buyer for my Membership Interests right away?

A: If you cannot take advantage of the net metering bill credits generated by the Project and do not designate a recipient, the Manager may allocate your bill credits to a non-profit entity of the Manager's choosing until such time as you designate a recipient of your net metering credits. This will not cause a transfer of your Membership Interests; you will still have all your rights and obligations as a Member under the Operating Agreement.

Bristol Community Solar (AES3) - New FAQs – April 2021

1. Are there any estimates of the expenses yet?

A: Yes. We estimate as a rough calculation that expenses will equal about one third of the credits for each unit; on average, during the first ten years, we expect the credits to be approximately \$75 per unit and therefore, the expenses are expected to be \$25 per Unit per year. Components of these expenses include rent to the town of Bristol for the project site, Acorn Renewable Energy Coop's management fee, accounting services, insurance, and the like.

2. Is Acorn Energy providing any level of guaranteed production or up time for the array?

A: Because system energy production is dependent on the weather, it is not possible to guarantee any particular energy production for the array for any month or year. We can make some educated guesses based on our existing projects, AES0 in Middlebury and AES2 in Shoreham. What these projects have shown us is that our estimates based on manufacturers' ratings are pretty good, but that there can be quite a bit of variation in solar production in the same month from year to year.

3. Is BCS structured as a partnership?

A: No, it is a limited liability company, or LLC. Bristol Community Solar is a d/b/a for Acorn Energy Solar 3 LLC, the entity whose ownership interests we are currently marketing to Vermonters with a GMP meter. The LLC is taxed as a partnership, but is run according to an Operating Agreement.

4. Is the IRR analysis (with its key assumptions) included in the investment package (65 page INVESTOR package)

A: Assumptions, risks, projections, etc. are in the investment documents. The actual numbers are in the financial model (spread sheet) available upon request.

5. What usage does a typical family have in KWh?

A: There are a wide range of variables, however, we have seen estimates as of December 2020 of approximately \$100 per month or 550 kWh. However, if you decide to invest, you should call GMP and ask them what your average monthly usage has been for the past year. This number will likely be more useful to you when considering whether to invest in BCS.

6. Is a detailed pro forma of the operating expenses included in the Investor Package? If not, is it available to share?

A: Our financial model, which contains all of our economic assumptions about BCS, including estimated expenses, is a fairly complicated spreadsheet and is not included in the Investor Package. However, it is available to prospective investors on request. Please contact Mary Mester at info@acornenergycoop.com if you'd like to receive a copy of the model.

7. Who is the Manager after 6 years?

A: That's up to the Series B investors to decide. Acorn Renewable Energy Co-op is the BCS Manager for the first six years. After the "flip," when Series B members will own 95% of the BCS equity, the Series B Members may choose to continue having Acorn Energy serve this function, or they can appoint a different manager (one of the Series B members, for instance) to run the business. Duties of the Manager include communicating with GMP about energy allocation among members, communicating with members if any member wishes to sell their units, organizing the production of K-1 reports every tax season, monitoring the BCS array for any malfunction, array maintenance, payment of all expenses including taxes, and procurement of insurance and other required third party services and so on.

8. How does the projected IRR of this project compare to that of your previous two projects?

A: The only comparable prior project is AES2 in Shoreham where we used the same A/B investor model. The IRR of BCS is lower than Shoreham primarily because of declines in the solar adder, which are a result of policy decisions by the Public Utilities Commission, and the project's size.

9. Where can I find the Offering Memorandum to get the application for subscription?

A: It's in the Investor package available from Mary.

10. How are the annual expenses paid - directly, or added to monthly GMP bill?

A: Series B members will be billed annually by the project Manager for your pro rata share of BCS expenses. Payments are expected by check mailed to the Manager within 30 days after receipt of amount owed.

11. Are there financing options?

A: The National Bank of Middlebury has indicated that they have an unsecured home-energy loan product that would be available to prospective Series B investors who meet their borrower criteria. Interested persons should contact

Kerry Bolduc at the National Bank of Middlebury about this option. There is also a possibility that Bristol's Revolving Loan Fund will be available to Bristol residents for participation in BCS. Bristol residents or businesses should contact Sally Burrell of the Bristol Energy Committee to learn more about this option.

12. Were there any problems with the operation of the first two Acorn Energy projects?

A: Aside from a few loose nuts on the racking and a few problems requiring rebooting the network connection for AESO, there have been no other noted problems. There are no moving parts on solar arrays, so there are few opportunities for equipment wear and tear.

13. Does the return on investment assume a flat electricity rate?

A: No, a 4% bi-annual (which equals roughly 2% per year) increase projection is in the financial model. This constitutes a best guess about future electric rates based on analyzing GMP's historical increases, and is what we have used for planning purposes.

14. If you have an electric car and drive 1000 miles a month, how many kWh would you need?

A: The answer to this will depend on a lot of factors including the model of electric vehicle you purchase. For instance, the current generation of electric passenger cars is more efficient in the summer than in the winter. However, as a rule of thumb, we estimate that an electric vehicle will go three miles on a kWh of energy. If this is true, you would need around 333 kWh of electricity to drive 1,000 miles.

15. Can monthly credits be split across multiple meters at different addresses? I understand GMP allows this for residential arrays.

A: Yes, however Acorn Energy is requiring that each meter be listed separately and allocated at least five units and bear its own pro rate share of the BCS operating expenses.

16. Will the array be fenced in?

A: Yes.

17. Do the Series B investors know who the other members are?

A: Yes, a complete list will be available within a few days after the financial closing.

18. Are there meetings of the Series B investors? If not how do they make group decisions in future years?

A: There are no scheduled meetings of Series B investors specified in the offering documentation, but they are not prohibited from meeting. Here is what the LLC's Operating Agreement Section 3.4 says about meetings:

(b) The Members entitled to vote on or approve a matter or take any action may do so at a meeting, in person or by proxy. Any Member or Members may call a meeting of the Members by giving notice to the other Members of the time and place of the meeting on or before the third business day before the meeting, or in case of an emergency such shorter period as the Person(s) calling the meeting may determine appropriate under the circumstances, which notice must specify the action to be considered. The meeting must be held in the State of Vermont or in another place acceptable to all Members, or be conducted by telephone conference or other electronic means.

19. I already have solar panels and meters - but I assume that's ok, right?

A: It depends. Under current PUC rules and GMP tariffs, any meter may be part of only one group net metered project. So it is possible to join BCS if you already have your own net metered solar array and are not currently part of a net metering group. However, if your own net metered system was permitted prior to 2017 and you currently have the ability to offset GMP's non-bypassable charges on your bill with kWh credits from your own array, you will lose that ability when you join BCS and will have to pay those non-bypassable charges to GMP every month in cash. As of today's date, these charges include: customer charges, energy efficiency charges, electric assistance program charges, any on-bill financing charges and any equipment rental charges. Potential Series B investors in this situation will have to do their own financial calculations to see whether it is worth it to join BCS.

20. Would the operating expenses decrease after 6 years in light of no longer being needed to accumulate funds to buy out the A shares?

A: The answer is a bit nuanced. On the one hand, there will continue to be all normal operating expenses as well as funding operational reserves for inverter replacement and other expenses that may arise from time to time. On the other hand, after year 6, the Series B members will have some control over how to fund those obligations, because the Series B members will be running the company.

21. How many units would you need for 600kWh/month?

A: This translates into 7,200 kWh per year. Using the table in the BCS flyer, one sees that 12 or 13 units would be appropriate.

22. After buying the first 5 units, can you buy in increments of 1 or does it need to be in increments of 5?

A: The minimum number of units is five; after that, you may buy any number up to the maximum dollar amount that pertains depending on your investor characterization; i.e. typical, certified or accredited.

23. Where are the panels manufactured?

A: Cambodia.

24. Will there be any provision for removing snow from the panels?

A: No.

25. Do the investment \$ caps apply to 501c3 organizations?

A: The SEC's accredited investor requirements apply to all investors. There are both income and asset-based tests for whether an organization is an accredited investor, but whether the investor is tax exempt under 501(c)(3) is not relevant to the calculation.

26. Is it complicated to set aside the shares for the nonprofit organizations.

A: No.

27. Will the town of Bristol also acquire shares?

A: We do not expect Bristol to become a member of BCS. This is because it is our understanding that Bristol has already made commitments to purchase renewable energy from another source and does not require more energy to offset Bristol's annual energy "spend" at this time. Further questions regarding this matter should be directed to the Bristol Select Board, Town Administrator, or Energy Committee.

28. Interested in long term strategy for exit if a future owner is unable to use the credits and a buyer isn't found? What is the liability for paying share of expenses on something you cannot use?

A: As a Series B Member, you will be expected to live up to your obligations even if you have been unable to sell your Units.

29. Is the energy stemming from the back of the panel photo voltaic in nature or is it simply thermal?

A: Electrical. There is no thermal component to the energy BCS will produce.

30. In the case where it takes time to sell a share, and one's credits are assigned to another member, is there any reason the assignee can't agree to pay for the assignor's membership expenses until such time as the share is sold?

A: No. The way the BCS Operating Agreement is currently drafted you will be free to make your own arrangement with the purchaser of your shares.

31. What would be the projected per panel "maintenance fees" during the year of decommissioning the system?

A: Based on recent experience in the solar resale market, we've been advised that the salvage value of the panels and inverters at the end of the project will easily exceed the cost of decommissioning the project and returning the landfill to its original appearance.

32. How do you arrive at a net annual savings of \$250 for five units?

A: We expect a net credit (after annual expenses) of approximately \$50 per unit per year. 5 times \$50 = \$250.

33. If the inverters are warrantied for 10 years, what would happen if they failed and needed to be replaced? Would all the existing members be assessed in some way?

A: Inverter replacement is figured into the operating expenses. If replacement costs exceeded our estimates of those costs and were not covered by the contingency amounts factored into our financial plan, Series B members would have to bear those additional costs.

34. I currently have a 3 cent per KWh adder for the solar on my roof. If I buy into AES 3, will my adder for the solar on my roof be reduced to match the adder that AES 3 would be getting?

A: No. We assume that if you have a 3 cent adder on your home system that your CPG for that system was granted after 2017. If not, please see the answer to Question 19 above as there may be consequences regarding GMP's non-bypassable charges.

35. If I have two properties and two accounts, can they each be on a separate community array?

A: Yes. Each electric meter (account) may be a part of only one group net metered project. If both of your accounts are part of BCS, we will ask that each purchase a minimum of five units. Note that each meter will still have to pay its own non-bypassable charges to GMP in cash every month.

Acorn Energy Solar 3, LLC -- Term Sheet

April 12, 2021

Project	Acorn Energy Solar 3 (AES3) is a 500 kW AC solar project located at 80 Pine Street, Bristol, VT
Specifications	Project consists of 1,694, 440-Watt bifacial panels for a total DC capacity of 745.4 kW DC which corresponds to 500 kW AC that will be delivered to the Green Mountain Power (GMP) grid
Expected Electric Production	The array is expected to produce 1,247 kWhr per year for each kW of array capacity. Given that the array contains 745.4 kW, the total production is expected to be approximately 929,400 kWhr in the first year; production is then expected to decrease approximately .5% per year as is normal with solar panels. Production is expected to vary from month to month and year to year depending on hours of daylight and weather fluctuations
Renewable Energy Credits (RECs)	A Renewable Energy Credit (REC) is a tradeable credit indicating that a megawatt hour of renewable energy has been generated. This Project will assign the RECs it generates to GMP with the understanding that the utility will use them to help Vermont meet its goal of 90 percent renewable energy by 2050
Investment Classes	There are two investment Classes, Series A and Series B. The Series A investor is Co-operative Insurance while Series B units will be purchased by as many as 150 Vermont entities - residents and organizations who have electric meters attached to the GMP grid
Series A Investment	Series A Investor(s) will invest \$515,578 and will receive 99% of all investment tax credits and depreciation allowances; Series B investors will receive the remaining 1% of the credits and allowances
Series A Qualifications	Series A Investor(s) must be accredited investors as defined by the US Securities and Exchange Commission
Series A Deposit	A non-refundable deposit (\$15,854) to apply to early project development costs with the balance due at the financial closing
Series B Investment Unit	Series B Unit - corresponds to the electrical output from a 405-watt section of the AES3 array
Number of Series B units to be sold	1840 units corresponding to the total electrical output of the AES3 array
Price per Unit	\$702 for a total B investment of \$1,291,680
Qualifications for Series B Investor	In order to purchase Series B units, an individual or organization must be a resident of Vermont and have an electric meter attached to the GMP electric grid
Minimum number of units per Series B investor	Each Series B investor must purchase at least five (5) units; i.e., a minimum investment of \$3,510
Maximum Series B Investment	The State of Vermont limits the amount invested per investor to \$10,000; the limit increases to \$25,000 for Certified Investors and to greater than \$25,000 for Accredited Investors as defined in the Offering Memorandum. In order to ensure broad participation, no single investor may purchase more than 10% of the units in the first round (i.e., 184 units at \$127,880). If the first round is not fully subscribed, such an investor may increase their investment as additional units are allocated to them
Evidence of Series B Ownership	A list of AES3 Series B Members and the number of units owned by each (summing to 1840) will be maintained by the AES3 Manager and will be sent via email to any Series B Member upon request
Financial Return for Series B Investor during first ten years of operation	For each unit owned, the Series B investor can expect to receive approximately \$0.142 per kWhr produced by each solar panel, plus \$0.01 for the first ten years. Based on the above calculation, this computes to \$0.152 per kWhr x 1,247 kWhr per kW x .405 kW per panel = \$76.76 per unit; based on expected production degradation over time, the average amount is expected to be approximately \$75.06 per unit per year during years 1 through 10
Annual expenses of the AES3, LLC -- Years 1 to 10 and Years 11 to 24	Annual expenses of the AES3, LLC are expected to include insurance, maintenance, administrative fees, land lease payments, accounting fees, solar taxes, municipal taxes and other miscellaneous items and are currently expected to be approximately one third of the total revenue from each unit during the life of the project or approximately \$23.42 per unit
Net Return to Series B investor during first ten years of operation	The net expected return after paying AES3 for operating expenses will be approximately \$75 minus \$25 (operating expenses) which equals about \$50 per Series B unit. This amount may fluctuate from year to year and is expected to decrease at the same .5% per year expected for degradation of solar production.
Project Developer	Acorn Energy Co-op based in Middlebury, VT; mailing address - PO Box 66, Middlebury, VT 05753; email - info@acornenergycoop.com ; Telephone - 802-385-1911
Project Installer	Aegis Renewable Energy of Waitsfield, VT
Tax Treatment	99% of federal investment tax credits and depreciation credits are assigned to the A Investor and 1% are assigned to Series B members+D33

Total Project Investment	\$1,807,258 consisting of \$515,578 from Series A Investor and \$1,291,680 from Series B Investors
Series A Exit	By agreement, Series A Investors ownership will flip to a 5% ownership position after tax credits have been realized during the sixth year. At that point, Series B Investors/Members will have 95% ownership of the LLC
Option for Buyout of Series A investor	The Series A Investor(s) will have the option of selling their 5% share back to the LLC based on the fair market value of the 500 kW array early in the sixth year of operation
Selling Series B units	There is no market for Series B units; however, Series B owners may sell their units to another Series B owner or to another Vermont resident who meets the requirements for Series B ownership. AES3, LLC intends to maintain a list of interested buyers to pass along to any member who wishes to sell their units. Any such sales must be communicated to and approved by the AES3 Manager
Potential Risks	Numerous potential risks faced by the owner of Series B units are listed in the Offering Memorandum
Series B Groups	Initially, 1,840 units will be available to members of each of the following Groups: <ol style="list-style-type: none"> 1. Residents, organizations, and businesses of Bristol, VT - 1,104 units 2. Organizations that are members of the Interfaith Climate Action Network (ICAN) or Vermont Interfaith Power and Light (VTIPL) - 368 units 3. Members of the Acorn Energy Co-op who have paid at least half of the lifetime fee - 368 units
To Purchase Series B Units	All purchase indications will be date- and time-stamped as to receipt or postmark of an envelope hand delivered to an officer of the Acorn Energy Co-op or mailed to Acorn Energy Co-op, PO Box 66, Middlebury, VT 05753 and containing: <ol style="list-style-type: none"> 1. the number of units to be purchased, 2. name, mailing address, email, and phone number of the purchaser, and 3. a check in the amount of \$70 per desired unit made out to Dunkiel Saunders as a non-refundable deposit
If Series B is undersubscribed in any group	Any oversubscribed offers not filled in any of the other groups will be moved to the undersubscribed group based on date/time stamp
Questions	Please send any questions in writing to info@acornenergycoop.com . Every effort will be made to respond by the end of the next business day.

OPERATING AGREEMENT
OF
Acorn Energy Solar 3 LLC
a Vermont Limited Liability Company

This OPERATING AGREEMENT, dated as of _____, 2021 (together with its Exhibits, this “Agreement,” as it may be amended from time to time as provided below), of Acorn Energy Solar 3, LLC, a Vermont limited liability company (the “Company”), is by and among the Members listed on Exhibit A. Capitalized terms used in this Agreement have the meanings given to them in Section 1.1 below or as otherwise set forth herein.

RECITALS

WHEREAS, the Company was formed as a limited liability company under the Act on April 6, 2020; and

WHEREAS, the purpose of the Company is to obtain a Certificate of Public Good and other necessary permits and then to do all lawful acts and things to construct, operate and own a 500 kW AC solar generating plant located at 80 Pine Street in Bristol, Vermont (the “Project”), for the benefit of its Series A and Series B Members (as defined below in Section 1.1), as described herein; and

WHEREAS, in connection with the Project, the Company will instruct Green Mountain Power Corporation (together with its successors in interest “GMP”) to allocate, among the Series B Members, energy generation credits created following the Project Commercial Operations Date pursuant to GMP’s tariffs and the Vermont Public Utility Commission (“VPUC”) rules and regulations for every kilowatt-hour (kWh) of energy produced by the Project and fed onto GMP’s distribution system; and

WHEREAS, the Members wish to enter into this Operating Agreement to provide for the management and operation of the Company and to set out their respective rights, obligations and interests as Members of the Company;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants, and agreements contained herein, the Members agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. Terms defined in the Act but not otherwise defined in this Agreement have the meanings assigned to them in the Act. In addition, as used in this Agreement the following terms have the following meanings:

“Act” means the Vermont Limited Liability Company Act, Title 11, Chapter 25 of the Vermont Statutes Annotated, as amended.

“Articles of Organization” means the articles of organization of the Company required under the Act, as amended from time to time in accordance with this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Property” means all direct and indirect interests in real and personal property owned by the Company from time to time and shall include both tangible and intangible property (including cash).

“Fiscal Year” means the fiscal year of the Company, commencing on January 1 and ending on December 31.

“Manager” means the Person serving as Manager pursuant to Section 4.1.

“Member” means those Persons named on Exhibit A or any other Person admitted to the Company as a member as provided in Section 3.2 and Article VIII.

“Membership Interest” means the percentage ownership interest of a Member of a particular series of Units, and is determined by dividing the number of Units that the Member holds by the number of issued and outstanding Units of such series.

“Person” means any individual, corporation, association, partnership (general or limited), joint venture, trust, joint-stock company, estate, limited liability company, unincorporated organization or other legal entity or organization, or governmental authority.

“Project Commercial Operations Date” shall be the date on which the Project begins accruing net metering credits on the books and records of GMP.

“Regulations” means temporary and final Treasury Regulations promulgated under the Code.

“Series A Member” means Co-operative Insurance Companies, its successors and assigns, which holds all of the Company’s issued and outstanding Series A Units, as reflected on Exhibit A.

“Series B Member” means the Members of the Company listed on Exhibit A who qualify and purchase Series B Units pursuant to the Company’s Vermont Crowdfunding Offering Memorandum (the “Offering Memorandum”), with the rights and obligations set forth below. A person may only qualify to be a Series B Member if he/she is a Vermont resident that has accepted the Company’s offer to purchase Membership Interest pursuant to the Company’s Offering Memorandum, has an electric meter in GMP’s electric service territory, and has agreed to be bound by the terms and conditions of this Operating Agreement. The Company shall not be deemed to have made an offer of a Series B Unit to any person who does not meet the definitional criteria set forth in this paragraph.

“Unit” means any class or series of equity interest in the Company outstanding from time-to-time. The initial classes of Units shall be Series A Units (the “Series A Units”), held by Series A Member, and Series B Units (the “Series B Units”), held by Series B Members.

Section 1.2 Interpretation. In construing this Agreement, unless otherwise specifically provided:

- (a) Words defined in the singular have the corresponding meaning in the plural, and words defined in the plural have the corresponding meaning in the singular.
- (b) References to any gender include references to the other genders.
- (c) The words “include” and “including” and their derivations mean “without limitation.”
- (d) References to a statute, rule, regulation, or agreement include all amendments, modifications, and replacements or successor statutes, rules, regulations, and agreements.

(e) References to “dollars” or “\$” are to dollars in currency of the United States of America.

(f) References to Articles, Sections, and Schedules are to those provisions of this Agreement, and each Schedule is incorporated into this Agreement as a part of this Agreement.

ARTICLE II GENERAL PROVISIONS

Section 2.1 Formation. The Company was formed as a limited liability company under the Act on the filing of Articles of Organization in conformity with the Act on April 6, 2020. The rights and obligations of the Members shall be as provided in the Act except as otherwise expressly provided in this Agreement.

Section 2.2 Company Name. The name of the Company shall be “Acorn Energy Solar 3 LLC,” or such other name or names as the Manager may determine from time to time, and its business shall be carried on in such name with such variations and changes as the Manager deems necessary to comply with requirements of the jurisdictions in which the Company’s operations are conducted.

Section 2.3 Registered Office; Registered Agent. The registered agent of the Company shall be Benjamin Marks and the registered office of the Company shall be 2098 Route 74, Cornwall, Vermont 05753. The Manager from time to time may change the Company’s registered office and/or registered agent.

Section 2.4 Place of Business. The Manager shall determine the business address of the Company.

Section 2.5 Purpose; Nature of Business Permitted; Powers. The Company’s purpose is to develop, own and/or manage a solar renewable energy project of approximately 500 kW AC in Bristol, Vermont. The Company shall possess and may exercise all the powers and privileges granted by the Act, any other law, or this Agreement, together with any powers incidental to those powers and privileges, in so far as those powers and privileges are necessary or convenient to the conduct, promotion, financing, or attainment of the business purposes or activities of the Company.

Section 2.6 Company Property. No real or other property of the Company or any Person in which the Company owns an interest shall be deemed to be owned by any Member individually, but shall be owned by and title shall be vested solely in the Company. The Units constitute personal property of the Members.

Section 2.7 Tax Treatment. The Members and the Company shall timely make any and all necessary elections and filings for the Company to be treated as a partnership for U.S. federal income tax purposes and for any analogous state or local tax purposes.

ARTICLE III MEMBERS

Section 3.1 Members. The Members and their names, addresses for notices under Section 10.7 and Units held are set forth on Exhibit A. Exhibit A may be updated from time-to-time by the Manager to reflect duly authorized changes in membership, addresses, or Units held, in which case the Manager shall promptly thereafter provide an updated copy of said Exhibit A to each of the Members.

Section 3.2 Additional Units and Members.

(a) Additional Units. The Company may issue additional Units only with the prior written consent of the Series A Member and the holders of at least 75% of the Series B Units, voting as separate classes.

(b) Admission as Member. A Person that acquires Units as provided in Section 3.2 (a), but that is not already a Member, shall be admitted as a Member of the Company effective upon the execution and delivery to the Company by such Person of a counterpart of this Agreement and such other documents as the Manager may deem necessary or desirable to evidence such party's agreement to be bound by all of the terms and provisions of this Agreement.

Section 3.3 No Liability of Members. All debts, obligations, and liabilities of the Company, whether arising in contract, tort, or otherwise, shall be solely the debts, obligations, and liabilities of the Company. No Member shall be obligated personally for any such debt, obligation, or liability of the Company solely by reason of being a Member.

Section 3.4 Actions by the Members. Except to the extent that this Agreement expressly provides voting rights to Series B Members, for so long as the Company has a Series A Member and until the sixth anniversary of the Project Commercial Operations Date, the Series A Member shall have the sole right to act on behalf of the Members of the Company. After the sixth anniversary of the Project Commercial Operations Date and for so long as the Company has a Series A Member, an action by the Members shall require the approval of the Series A Member and the Series B Members, voting as separate classes. Except to the extent that this Agreement expressly requires a higher voting threshold, any action to be taken by the Series B Members shall be approved by the holders of at least a majority of the Series B Units. In the event that the Company has no Series A Member, then the Series B Members shall hold all voting rights of the Series A Member hereunder; provided that if there are no issued and outstanding Series A Units and a provision of this Agreement requires the approval of both the Series A Member and some or all of the Series B Members, then such provision shall be construed to no longer require the approval of the Series A Member.

(a) Vote. In any matter subject to a vote by the Members, each Member shall have the right to vote ratably in proportion to its Membership Interest. The Members' sole management authority with respect to the Company shall be to vote on those matters that explicitly require Member approval hereunder or by non-waivable provisions of the Act, or that are submitted to the Members for approval by the Manager.

(b) Meetings. The Members entitled to vote on or approve a matter or take any action may do so at a meeting, in person or by proxy. Any Member or Members may call a meeting of the Members by giving notice to the other Members of the time and place of the meeting on or before the third business day before the meeting, or in case of an emergency such shorter period as the Person(s) calling the meeting may determine appropriate under the circumstances, which notice must specify the action to be considered. The meeting must be held in the State of Vermont or in another place acceptable to all Members, or be conducted by telephone conference or other electronic means. A Member may waive notice before or after the meeting, and shall be deemed to waive notice if it attends unless it specifically states at its first appearance at the meeting that it objects on the basis of improper notice.

(c) Action Without a Meeting. Any vote, approval, or other action required or permitted to be taken by the Members may be taken without a meeting if the action is approved in a written consent by members having not less than the minimum number of votes that would be

necessary to authorize or take the action at a meeting at which all Members entitled to vote thereon were present and voted.

(d) Member Protective Provisions. The Company shall not take any of the following actions without the prior approval of the Series A Member and the holders of at least 75% of the outstanding Series B Units, voting as separate classes:

(i) Alter, amend, waive, or repeal this Agreement, the Articles of Organization, the rights of the Series A Member or Series B Members;

(ii) Wind up or dissolve the Company;

(iii) Sell, reorganize, merge or consolidate the Company, or vote on the sale, transfer, lease, pledge, or hypothecation of all or substantially all of the assets of the Company;

(iv) Admit any person or entity as a Member of the Company, except in connection with Transfers pursuant to Section 8.3;

(v) Create or authorize the creation of, or issue any Units or other equity security of the Company or other instrument convertible into, or exercisable for, any Units or other equity security of the Company;

(vi) Purchase or redeem any Unit or other equity interest of the Company, other than pursuant to Section 8.6;

(vii) Acquire the assets or stock of, or invest in, or make a loan to, or enter into a joint venture with, another person or entity;

(viii) Change the principal business of the Company in any material respect;

(ix) Lease, sell, transfer or encumber any interest in Company property;

(x) Amend, modify, terminate or waive any material rights of the Company under the certificate of public good for the Project, the Company's interconnection agreement with GMP, or the Company's construction agreement with Aegis Renewable Energy, Inc.;

(xi) Cause the Company to incur any indebtedness for borrowed money, pledge or grant liens, mortgages or encumbrances upon any assets or property or guarantee, assume, endorse or otherwise become responsible for the obligations of any other person or entity on behalf of the Company;

(xii) Allocate or distribute any cash or other property of the Company, or declare any dividend;

(xiii) Take any material action or incur any expenditure outside of the ordinary course of business of the Company; or

(xiv) Issue a capital call for additional capital contributions from the Series A Member or Series B Members.

Section 3.5 Power to Bind the Company. No Member (acting in its capacity as such) shall have any authority to bind the Company to any third party with respect to any matter, except to the extent (if any) that the Manager has delegated that power to that Member.

Section 3.6 Allocation of Net Metering Credits. Each Series B Member shall have the right to his, her or its pro rata net metering credit allocation as listed on Exhibit A on a monthly basis, as further set forth in Section 6.10. Provided that a Series B Member has met all of his or her obligations hereunder, no Series B Member's right to the pro rata net metering credit allocation listed on Exhibit A shall be altered or amended without the prior written consent of the Series B Member so affected. Each Series B Member shall provide the Manager with such information as the Manager shall reasonably request to facilitate such Series B Member's participation in Vermont's net metering program and the allocation of net metering credits to such Series B Member's electric account(s). Notwithstanding the foregoing, if a Series B Member becomes ineligible to receive net metering credits for any reason, and such Series B Member does not sell such membership interests or designate an eligible meter to allocate such net metering credits, the Manager shall have the right to reallocate such net metering credits to a non-profit organization of the Manager's choosing until the Series B interests have been sold pursuant to this Section III or reallocated to an eligible meter. During the time that such net metering credits are reallocated, no other rights or obligations of such Series B Member hereunder shall be affected.

ARTICLE IV MANAGEMENT

Section 4.1 Manager and Management. Except for situations in which the approval of the Members is specifically required by this Agreement or by non-waivable provisions of the Act: (i) the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Manager; and (ii) the Manager may make all decisions and take all actions for the Company not otherwise provided for in this Agreement.

(a) Initial Manager.

(i) Appointment. Acorn Renewable Energy Co-op ("Acorn") is hereby appointed as the initial Manager for a term commencing on the effective date of this Agreement and expiring on the sixth anniversary of the Project Commercial Operations Date (the "Initial Manager Term").

(ii) Removal. Acorn shall not be removed as Manager during the Initial Manager Term, other than "for cause." For purposes of this Agreement, "for cause" shall mean (1) Acorn's material breach of this Agreement, which breach is not cured within thirty (30) days following delivery of notice thereof to the Manager, (2) Acorn has engaged in unlawful conduct; (3) Acorn has engaged in willful misconduct or gross negligence in carrying out its duties hereunder; or (4) Acorn ceases to do business, is terminated, wound up or liquidated, or is adjudged bankrupt. Any action to remove the Manager for cause shall require the affirmative vote of the Series A Member and holders of at least 75% of the outstanding Series B Units, voting as separate classes.

(iii) Resignation. Acorn may resign as Manager of the Company at any time by providing the Members with at least ninety (90) days prior written notice. In the event that Acorn notifies the Members of its resignation, the Members shall appoint a successor Manager effective as of the effective date of Acorn's resignation.

(iv) Management Fee. During the Initial Manager Term, Acorn shall receive from the Company an initial annual management fee of \$7,000 per year for performance of its duties as Manager of the Company, increasing \$150 per year after the first year of Project Operations.

(v) Expiration of Initial Manager Term. Upon the expiration of the Initial Manager Term, the Member shall either re-appoint Acorn as Manager on terms and conditions satisfactory to the Members and Acorn or shall appoint a successor Manager effective as of the expiration of the Initial Manager Term. If Acorn has not been re-appointed but the Members have not appointed a new Manager prior to the expiration of the Initial Manager Term, then Acorn shall be deemed to have been re-appointed by the Members and shall continue to receive its annual management fee until Acorn is either removed pursuant to Section 4.1(b)(i) or resigns pursuant to Section 4.1(b)(ii).

(b) Successor Managers. Following the first to occur of the effective date of Acorn's resignation as Manager, the effective date of the removal of Acorn as Manager for cause, or the expiration of the Initial Manager Term, the following provisions shall apply:

(i) Appointment, Removal, and Replacement of Manager. The Members may from time-to-time appoint, remove, and/or replace the Manager for any or no reason.

(ii) Resignation. A Manager may resign as Manager of the Company at any time by providing the Members with at least ninety (90) days prior written notice.

Section 4.2 Indemnification and Insurance.

(a) Indemnification. The Company shall indemnify and hold harmless each Member and Manager of the Company (individually an "indemnitee") from and against any and all losses, claims, damages, liabilities, expenses (including legal fees and disbursements), judgments, fines, settlements, and all other amounts arising from any and all claims, demands, actions, suits, or proceedings, civil, criminal, administrative, or investigative, in which the indemnitee may be involved, or threatened to be involved, as a party or otherwise by reason of his or her status as Manager or a Member of the Company, or his or her management of the affairs of the Company, or that relate to the Company, whether or not the indemnitee continues to be a Manager or Member at the time any such liability or expense is paid or incurred, if the indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Company and in accordance with the terms and provisions of this Agreement, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct to be unlawful; provided that no indemnitee shall be entitled to indemnification if it shall be finally determined that such indemnitee's act or omission constituted willful misconduct or gross negligence. The Company shall pay expenses (including legal fees and disbursements) incurred in defending any proceeding in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the jurisdiction that the indemnitee is not entitled to be indemnified by the Company as authorized hereunder. This clause shall survive the termination of this Agreement.

(b) Other Indemnities. The Manager may cause the Company to indemnify any other Person on such terms as it reasonably may determine. This clause shall survive the termination of this Agreement.

(c) Insurance. The Manager may cause the Company to procure insurance covering indemnification liabilities of the Company.

ARTICLE V
CAPITAL STRUCTURE AND CONTRIBUTIONS

Section 5.1 Capital Contributions. Each Member shall make a capital contribution in the amount set forth opposite such Member's name on Exhibit A (each, a "Capital Contribution") in exchange for the Units specified on Exhibit A. No Member shall be required or permitted to make an additional Capital Contribution without the unanimous consent of the Series A Member and the Series B Members, voting as separate classes.

Section 5.2 Additional Contributions. No Member shall be permitted to make an additional Capital Contribution without the prior written consent of the Series A Member and the holders of at least 75% of the Series B Units, voting as separate classes. No Member shall be required to make an additional Capital Contribution without the prior unanimous written consent of the Series A Member and Series B Members.

Section 5.3 No Withdrawal of Capital Contributions. Members have no right to withdraw their Capital Contributions, but they are entitled to distribution as (but only when and to the extent) provided in this Agreement, including on liquidation of their Membership Interest.

Section 5.4 Member Loans. No Member shall be required to loan money or property to the Company. Any Member may, with the prior consent of the Series A Members and holders of at least 75% of the Series B Units, voting as separate classes, advance monies to the Company for use in its operations, on such terms as the parties may arrange. If an advance is made but terms are not specifically provided, the advance shall be payable upon demand (after fifteen days advance notice), and interest shall accrue at the prime rate of interest as set forth in the "Money Rates" section of The Wall Street Journal (Eastern Edition) on the date such loan is made. Advances shall be deemed a loan by the Member to the Company and shall not be deemed a Capital Contribution.

Section 5.5 Annual Series B Maintenance/Administrative Payment. In order to pay the Project's operating costs, the Series B Members shall be assessed a sum annually on or around January 15th of each year. These costs include, but are not limited to: solar array maintenance, site lease, Project taxes, insurance, mowing, remote monitoring, and accounting and administrative fees incurred during the previous year. The Company shall send an annual statement of such expenses to the Series B Members along with a statement of each Series B Member's pro-rata portion of such expenses to be paid to the Company by such Series B Member. Payments of these Company expenses shall not be considered Capital Contributions. Each Series B Member shall promptly pay his, her, or its annual assessment within thirty (30) days of being invoiced by the Company. Failure to pay such annual assessment when due, after written notice and a reasonable opportunity to cure such non-payment, shall result in a suspension of such Series B Member's right to receive net metering credits from the Company's Project and such additional action as the Manager may take in the Manager's sole discretion.

Section 5.6 Return of Unused Contingency Funds. Part of the investment made by the Series A and Series B Members in the Company contains contingency funds, as reflected in the Company's financial records and projections, to be potentially used in connection with the construction of the Company's Project. In the event that less than 75% of such contingency funds are spent on unanticipated Project construction costs, the difference between the actual contingency costs and 75% of all contingency

funds will be divided into three equal parts and one part returned to the Series A investor, one paid to Acorn Energy and one part left in the AES3 LLC as future contingency funds.. In the event that more than 75% of such contingency funds are spent on unanticipated Project construction costs, the unspent contingency funds shall be remain part of the Company and be part of its working capital.

ARTICLE VI
CAPITAL ACCOUNTS; DETERMINATION OF PROFITS AND LOSSES;
ALLOCATIONS; DISTRIBUTIONS

Section 6.1 Capital Accounts. A separate capital account (“Capital Account”) shall be established and maintained for each Member in accordance with the provisions of Section 704 of the Code, and any Regulations promulgated thereunder, which Capital Account shall reflect such Member’s interest in the capital of the Company. Each Member’s Capital Account shall be adjusted as follows:

(a) Increases. Each Member’s Capital Account shall be increased by (i) Capital Contributions of cash and property at its agreed upon fair market value (net of any liabilities secured by such property); and (ii) such Member’s allocable share of the Company’s Profits (including the allocation of any item thereof).

(b) Decreases. Each Member’s Capital Account shall be decreased by (i) distributions of cash and property at its agreed upon fair market value (net of any liabilities secured by such property); and (ii) such Member’s allocable share of the Company’s Losses (including the allocation of any item thereof).

Section 6.2 Profits and Losses. “Profits” or “Losses” means for each taxable year, an amount equal to the Company’s taxable income or loss, as the case may be for such taxable year, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction, required to be separately stated pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(a) Any items of exempt income or gain described in Section 705(a)(1)(B) of the Code which are not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss.

(b) Any nondeductible expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as a Section 705(a)(2)(B) expenditure by reason of Section 1.704-1(b)(2)(iv)(i) or Section 1.704-1(b)(2)(iv)(j) of the Regulations, and not otherwise taken into account in computing Profits or Losses shall be subtracted from such taxable income or loss.

(c) Gain or loss resulting from any disposition of the Company’s property with respect to which gain or loss is recognized for federal income tax purposes, and any depreciation, amortization or cost recovery shall be calculated in accordance with the rules set forth in Sections 1.704-1(b)(2)(iv)(d), (f) and (g) pertaining to circumstances where the book value of the Company’s property for purposes of maintaining capital accounts differs from the adjusted tax basis of such property for purposes of determining taxable income or loss.

(d) In the event of a distribution of Company property to a Member (whether in connection with a liquidation or otherwise), any unrealized gain, loss, income or deduction inherent in such distributed property (not otherwise reflected in the Capital Accounts of the Members) shall be added to such taxable income or loss.

Section 6.3 Allocation of Profits and Losses. After giving effect and subject to Section 6.4, Company Profits and Losses, any other items of income, gain, loss or deduction and credits (including without limitation any energy tax credits available under Section 48 of the Code (the “ITC”)) for any calendar year shall be allocated among the Members in the following order and priority:

(a) First, for calendar years or portions thereof ending prior to and through the Flip Date (as defined below), ninety-nine percent (99%) to the Series A Member and one percent (1%) to the Series B Members.

(b) Second, for calendar years or portions thereof ending after the Flip Date, ninety-five percent (95%) to the Series B Members and five percent (5%) to the Series A Member.

The term “Flip Date” shall mean the sixth (6th) anniversary of the Project Commercial Operations Date.

Section 6.4 Allocation Provisions Required By The Regulations. Notwithstanding the allocation provided in Section 6.3, the following allocation rules shall apply:

(a) In the event that any Member receives an unexpected allocation of loss or deduction or an unexpected adjustment, allocation, or distribution described in Sections 1.704-1(b)(2)(ii)(d) (4), (5), or (6) of the Regulations that results in a deficit balance in such Member’s Capital Account in excess of (i) the amount such Member is obligated to restore, if any, and (ii) the amount such Member is deemed to be obligated to restore pursuant to Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations, such Member shall be allocated items of income or gain in the amount necessary to eliminate such excess as quickly as possible. This provision is intended to qualify as a “qualified income offset” as defined in Section 1.704-1(b)(2)(ii)(d) of the Regulations.

(b) If there is a net decrease in the Company’s minimum gain as defined in Section 1.704-2(d) of the Regulations during a taxable year of the Company, then the Capital Accounts of each Member shall be allocated items of income (including gross income) and gain for such year (and if necessary for subsequent years) equal to that Member’s share of the net decrease in Company minimum gain. This provision is intended to comply with the minimum gain chargeback requirement of Section 1.704-2(f) of the Regulations and shall be interpreted consistently with such intention. In any taxable year that the Company has a net decrease in the Company’s minimum gain, if the minimum gain chargeback requirement would cause a distortion in the economic arrangement among the Members and it is not expected that the Company will have sufficient other income to correct that distortion, the Company shall, if requested by any Member, seek to have the Internal Revenue Service waive the minimum gain chargeback requirement in accordance with Section 1.704-2(f)(4) of the Regulations.

(c) Any credit or charge to the Capital Account balances of the Members pursuant to this section shall be taken into account in computing subsequent allocations of Profits and Losses pursuant to Section 6.3 so that the net amount of any items charged or credited to Capital Accounts pursuant to this section shall, to the extent possible, be equal to the net amount that would have been allocated to the Capital Account balance of each Member pursuant to the provisions of this Article if the special allocations required by this section had not occurred.

(d) Except as permitted by the Regulations governing the allocation of non-recourse deductions or as permitted by the “qualified income offset” rules of Section 1.704-1(b)(2)(d) of the Regulations, no allocation shall be made to any Member which causes or increases a deficit balance in such Member’s Capital Account.

(e) Allocations of Profits and Losses shall otherwise comply with the Regulations under section 704 of the Code.

Section 6.5 Tax Allocations. In accordance with Section 704(c) of the Code and the Regulations thereunder, items of income, gain, loss and deduction with respect to property contributed to the capital of the Company, shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company and its fair market value at the time of contribution. All other items of income, gain, loss and deduction for income tax purposes shall be allocated among the Members in the same manner as the allocation of similar items of Profits and Losses as provided for under this Article.

Section 6.6 Distributions. Subject to Section 6.7 and to the extent the Company may lawfully do so, distributions may be made to the Members at such times and in such amounts as may be determined by the Manager. Any distribution made by the Company shall be made to all of the Members pursuant to the allocation described in Section 6.3. To the extent the Company may lawfully do so, it shall make distributions of cash to the Members at least annually to enable them to pay the federal, state and municipal income taxes attributable to the income passed through to them from the Company.

Section 6.7 Limitation on Distributions. Notwithstanding any of the provisions of this Article VI, in the event that any distribution provided herein would leave the Company with insufficient funds to meet its obligations as they become due (or otherwise insufficient under section 4056(a)(2) of the Act), such distribution shall not be made to the extent it would cause an insufficiency. Determinations under this section shall be made by the Manager based on financial statements reflecting a fair valuation of the Company.

Section 6.8 Withholding/Estimated Tax Payments. Notwithstanding any other provision of this Agreement, the Company shall comply with any withholding or estimated tax payment requirements under any applicable law and shall remit such required amounts to, and file required forms with, applicable taxing authorities. To the extent that the Company is required to make estimated tax payments on behalf of or withhold and pay over any amounts to any taxing authority with respect to distributions or allocations to any Member, the amount paid or withheld shall be treated as a distribution of cash to such Member in the amount of such payment or withholding. In the event of any claimed over-payment or over-withholding, Members shall be limited to an action against the applicable taxing authority. If an amount required to be withheld was not withheld from an actual distribution, the Company shall reduce the next subsequent distributions(s) to the applicable Member by the amount of such required withholding and any penalties or interest thereon. Each Member agrees to furnish to the Company such forms or other documentation as is reasonably necessary to assist the Company in determining the extent of, and in fulfilling, its withholding and estimated tax payment obligations.

Section 6.9 Distribution in Cash Only. No Member shall have the right to demand or receive property from the Company for any reason whatsoever and no Member shall have the right to sue for partition of the Company or of the Company's assets.

Section 6.10 Allocations of Net Metering Credits. Subject to a Series B Member's obligation to promptly pay his, her or its pro rata share of the Company's annual operating expenses as set forth in Section 5.5 above, the Manager shall instruct GMP to allocate net metering credits generated in connection with the Project to Series B Members in proportion to their pro rata share of the Series B Units. By way of example, and not limitation, a Series B Member who owns 5% of the Series B Units, would be entitled to be allocated 5% of the net metering credits issued by GMP based on the Project's generation. Pursuant to Vermont's net metering program, such net metering credits will appear on such Series B Member's GMP

electricity bill as credits against such Member's electricity costs. Under current GMP tariffs and Vermont net metering rules, net metering credits must be used by the Member within one year of being generated or they will be forfeited by the Member. **For the avoidance of doubt, all Project net metering credits will be allocated among the Series B Members, and no net metering credit will be allocated to any Series A Member. The Series B Members shall comprise a Net Metering Group under Vermont Public Utility Commission Rule 5.100**

ARTICLE VII BOOKS AND REPORTS

Section 7.1 Books and Records; Accounting. The Company (a) shall keep or cause to be kept at the office of the Company (or at such other place as the Manager in his or her discretion shall determine) full and accurate books and records regarding the status of the business and financial condition of the Company which shall be available for inspection by all Members and (b) shall provide to each Member on or before the 120th day following the end of each Fiscal Year, a statement of income, a balance sheet, and a statement of changes in Members' capital for the Company for, or as at the end of, that Fiscal Year. If required by any party providing financing to the Company or requested by any Member (at the cost and expense of such Member) such statement of income, balance sheet and statement of changes in Members' capital shall be accompanied by a report by a certified public accounting firm in accordance with generally accepted auditing standards in the United States and including an opinion from the auditor stating that the audited financial statements present fairly, in all material respects, the financial position of the Company and the results of its operations in conformity with accounting principles generally accepted in the United States.

Section 7.2 Form K-1. After the end of each Fiscal Year, the Manager shall cause to be prepared and transmitted to each Member, as promptly as possible, and in any event by the end of the third month following the close of the Fiscal Year, a federal income tax Form K-1 and any required similar state and local income tax form for each Member.

Section 7.3 Tax Matters Partner/Partnership Representative. The Manager shall be designated on the Company's annual federal income tax return as the "Tax Matters Partner" pursuant to Section 6231 of the Code, and effective January 1, 2018, as the "Partnership Representative" as defined in Section 6223 of the Code, as amended by Section 1101 of the Bipartisan Budget Act of 2015. The Partnership Representative shall have all powers and responsibilities necessary in connection therewith. In the event of an audit of the Company's federal income tax return, the Partnership Representative shall promptly advise all Members of the audit and provide each Member with a copy of any final administrative adjustment resulting from such audit. If for any reason the Manager shall cease to be the Partnership Representative, then the Members shall appoint the Manager's successor.

Section 7.4 Intent for Income Tax Purposes. The Members intend that the Company be treated after the Effective Date as a partnership for federal, state and local income tax purposes and that it be operated in a manner consistent with such treatment, but that the Company not be operated or treated as a "partnership" for any other purpose, including, but not limited to, Section 303 of the Federal Bankruptcy Code, and the provisions of this Agreement may not be construed to suggest otherwise.

Section 7.5 Tax Elections. No election shall be made by the Company or any Member for the Company to be excluded from the application of any of the provisions of Subtitle A, Chapter 1, Subchapter K of the Code or from any similar provisions of any state tax laws or to be treated as a corporation for federal tax purposes, without, in each case, the prior unanimous consent of the Members.

Section 7.6 Tax Year. The Company's taxable year shall end of December 31.

Section 7.7 Annual Reports. Within three months after the end of each Fiscal Year, the Company shall file with the Vermont Secretary of State an annual report in compliance with Section 4033 of the Act.

ARTICLE VIII DISSOCIATION; TRANSFERS OF MEMBERSHIP INTERESTS

Section 8.1 Dissociation. A Member may dissociate from the Company only pursuant to 11 V.S.A. § 4081, 11 V.S.A. §§ 4082 and 4083 shall govern the power of a Member to dissociate, wrongful dissociation and the effect of a Member's dissociation. A dissociating Member shall not be entitled to receive any consideration from the Company or its Members in connection with such dissociation.

Section 8.2 Restrictions on Transfer. Except as provided for herein, a Member shall not sell, exchange, assign, pledge, hypothecate, or grant a security interest, lien or other encumbrance in or against, or otherwise transfer, whether voluntarily or involuntarily, by operation of law or otherwise ("Transfer") any Units. Any attempted or purported Transfer by any such Member in violation of the foregoing shall be void and of no effect and shall not terminate the continued membership of such Member or confer any right on the proposed transferee.

Section 8.3 Permitted Transfers.

(a) A Series B Member may Transfer all or some of the Member's Units to a GMP customer resident in Vermont with the prior written consent of the Manager, which consent shall not be unreasonably withheld or delayed, but subject to the Members' right of first offer described in Section 8.5. For avoidance of doubt, it shall be reasonable for the Manager to withhold or delay consent if the Transfer or admission of the proposed transferee as a Member would violate applicable law or would have an adverse effect on the Company or its Members, or if the Manager does not receive satisfactory evidence that (i) the proposed transferee is a GMP customer that is eligible to participate in and be allocated net metering credits pursuant to Vermont's net metering program, (ii) the proposed transferee is sufficiently creditworthy to meet its obligations hereunder, and (iii) the proposed transferee will agree to be bound by the terms of this Agreement.

(b) A Series B Member may Transfer all or some of the Member's Units by intestate succession, by testamentary disposition, or by intervivos transfer to a revocable trust with respect to which either the Member or such Member's spouse is the trustor, provided that in each case the proposed transferee is a GMP customer resident in Vermont and eligible to participate in and be allocated net metering credits pursuant to Vermont's net metering program.

(c) A Series B Member may sell all or some of the Member's Units to the purchaser of such Member's home if the Member is moving to a place where the Units cannot be transferred to a GMP meter. Such a Transfer shall be exempt from the right of first offer set forth in Section 8.5.

(d) All permitted Transfers shall be in writing and in form and substance satisfactory to counsel for the Company and shall contain a statement by the transferee of its agreement to be bound by this Agreement and shall provide for payment by the transferring Member of all reasonable expenses incurred by the Company in connection with the transfer.

Section 8.4 Additional Members. Any such Person who acquires Units of the Company in accordance with this Agreement shall be admitted as a Member only upon the execution and delivery to the Company by such Person of a counterpart of this Agreement and such other documents as the Manager may deem necessary or desirable to evidence such party's agreement to be bound by all of the terms and provisions of this Agreement.

Section 8.5 Series B Member Right of First Offer. (a) The Manager shall keep a list of Series B Members who have expressed interest in acquiring more Membership Units in the Company. Such list shall include the number of units such interested Member wishes to purchase. Such list of interested members shall be made available upon request to any Member. .

(b) In the event that an existing Member desires to Transfer any Units, other than pursuant to Section 8.3(b) or (c), the transferring Member shall provide a written notice ("Transfer Notice") to the Manager, which describes the material terms of the proposed transfer and the proposed transferee. The Manager shall provide the transferring Member with the list of interested Series B Members on the list maintained by the Manager according to the previous subsection. The selling Series B Member shall communicate to all Series B Members on the list of prospective buyers indicating the number of units for sale and the offered selling price and give such Members at least 15 days to respond with their offers. If multiple Series B Members wish to purchase the Units, the selling Member has sole discretion to determine how many Units are sold to each Member and at what price. In the event that there are fewer Series B Members wishing to buy Units than the number of Units to be sold, the selling Member may sell any excess Units to a qualified non-member third party who agrees in writing to all of the terms conditions of the Company's Operating Agreement.

Section 8.6 Series A Member Unit Sale Right.

(a) The Series A Member shall have the exclusive and irrevocable option to require the Company purchase all (but not less than all) of the Series A Units upon the terms and conditions set forth herein for an aggregate purchase price in an amount equal to the fair market value of such Units, (the "Put Option"), which Put Option may be exercised on or after the Flip Date. Fair market value shall be determined in accordance with Section 8.6(d) hereof.

(b) To exercise the Put Option, the Series A Member must deliver written notice of exercise of the Put Option (the "Notice of Exercise") to the Company. The parties shall use good faith efforts to close the purchase and sale of the Series A Member's Units within sixty (60) days following delivery of the Notice of Exercise.

(c) If the Series A Member exercises its Put Option, the Series A Member shall convey all, and not less than all, of its Units (which shall be all the Series A Units issued and outstanding) to the Company with customary representations and warranties regarding ownership and title to the units, freedom from liens and encumbrances, no prior transfers to third parties, and power and authority to transfer. If the Series A Units are purchased pursuant to this Section, they shall be retired and cease to be outstanding.

(d) The fair market value of the Series A Units shall be 5% of the fair market value of the Company on the date of the Notice of Exercise as determined by a jointly appointed third-party appraiser. The Company, on the one hand, and the Series A Member, on the other hand, shall each pay fifty percent (50%) of the fees and expenses of the appraiser.

ARTICLE IX
DISSOLUTION OF THE COMPANY

Section 9.1 Dissolution. The Company shall not dissolve upon the occurrence of any event of dissociation specified in Section 4081 of the Act, but shall continue in existence and continue to conduct its business. The Company shall be dissolved and its affairs shall be wound up on the occurrence of any of the following events:

- (a) the approval of dissolution by the Manager and the Series A Member and the holders of at least 75% of the issued and outstanding Series B Units;
- (b) an order of a court of competent jurisdiction ordering the dissolution of the Company; or
- (c) the sale of all or substantially all of the Company Property.

No other event, including the retirement, insolvency, liquidation, dissolution, insanity, expulsion, bankruptcy, death, incapacity, or adjudication of incompetence of the Manager or a Member, shall cause the Company to be dissolved.

Section 9.2 Liquidation. On dissolution of the Company, the Manager or a Person designated by the Manager shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the Manager or his designee shall continue to operate the Company with all of the power and authority of the Manager. The steps to be accomplished are as follows:

- (a) as promptly as possible after dissolution and again after final liquidation, the Manager or his designee shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;
- (b) the Manager or his designee shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including, without limitation, all expenses incurred in liquidation) or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the Manager or his designee may reasonably determine); and
- (c) all remaining assets of the Company shall be distributed to the Members in proportion to their Capital Accounts after adjustments for all allocations of Profits and Losses for all periods from formation through the date of distribution.

ARTICLE X
MISCELLANEOUS

Section 10.1 Amendment. This Agreement may be amended by, and only by, a written instrument executed by all of the Members.

Section 10.2 Successors; Counterparts. Subject to Article VIII, this Agreement (a) shall be binding on the Members and their legal successors, nominees, and representatives and (b) may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

Section 10.3 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Vermont without giving effect to the principles of conflicts of law.

Section 10.4 Severability. If it shall be determined by a court of competent jurisdiction that any provisions or wording of this Agreement shall be invalid or unenforceable under the Act or other applicable law, such invalidity or unenforceability shall not invalidate the entire Agreement. In that case, this Agreement shall be construed so as to limit any term or provision so as to make it enforceable or valid within the requirements of applicable law, and, in the event such term or provisions cannot be so limited, this Agreement shall be construed to omit such invalid or unenforceable terms or provisions. If it shall be determined by a court of competent jurisdiction that any provision relating to the distributions and allocations of the Company or to any expenses payable by the Company is invalid or unenforceable, this Agreement shall be construed or interpreted so as (a) to make it enforceable or valid and (b) to make the distributions and allocations as closely equivalent to those set forth in this Agreement under applicable law.

Section 10.5 No Third-Party Beneficiaries. This Agreement is not intended to confer any benefit upon any Person other than a Member.

Section 10.6 Additional Documents. Each Member agrees to perform all further acts and execute, acknowledge, and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

Section 10.7 Notices. All notices, requests, and other communications to any Member, to be effective, must be in writing and delivered, in person (including by courier) or by electronic mail, to that Member (and any other Person designated by that Member) at its address or email address as set forth in Exhibit A or in the document or instrument signed in connection with its admission as a Member, or such other address or email address as that Member subsequently may specify for the purpose by notice to the other Members and to the Company. Each such notice, request, or other communication shall be deemed received and effective as of receipt if during the Member or other recipient's normal business hours and otherwise at its next opening of business.

Section 10.8 Waiver of Partition. Each Member irrevocably waives any and all rights that Member may have to maintain any action for partition of any of the Company's property.

Section 10.9 Integration. This Agreement and the Subscription Agreements between the Company and its Series B Members constitute the entire agreement among the parties with respect to the subject matter described herein, and supersede all prior agreements, written or oral, with respect thereto.

Section 10.10 Headings; Severability. Headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation hereof. Each and every provision of this Agreement shall be treated as separate and distinct and, in the event of any provision hereof being declared invalid by a court of competent jurisdiction, such invalid provision shall be deemed to be severable and all other provisions hereof shall remain in full force and effect.

[Remainder of Page Intentionally Blank; Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first above written.

MANAGER:

ACORN RENEWABLE ENERGY CO-OP

By: _____
Benjamin Marks, President

SERIES A MEMBER:

PATRONS CO-OPERATIVE FIRE INSURANCE
COMPANY (DBA Co-operative Insurance Companies)

By: _____
Name:
Title:

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first above written.

SERIES B MEMBER

(Signature)

(Date signed)

(Printed Name)

If the Series B member is a corporation or other entity, please print the corporate name below and have an officer print his or her name and title, and sign below:

Series B Member (print)

Date

By: _____

Name (print):

Title (print):

**VERMONT CROWDFUNDING
OFFERING MEMORANDUM**

**Acorn Energy Solar 3 LLC, d/b/a Bristol Community Solar
P.O. Box 66, Middlebury, Vermont 05753**

Series B Membership Interest Units

Minimum Offering Amount: \$1,227,096

Maximum Offering Amount: \$1,291,680

Dated – April 12, 2021

Neither the United States Securities and Exchange Commission nor the Vermont Department of Financial Regulation Securities Division or any other state securities commission has approved or disapproved of these securities or determined if this Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

Acorn Energy Solar 3, LLC

Vermont Crowdfunding Offering Memorandum

VERMONT CROWDFUNDING OFFERING MEMORANDUM

Series B Membership Interest Units

Minimum Offering Amount: \$1,214,860

Maximum Offering Amount: \$1,278,800

Acorn Energy Solar 3, LLC, a Vermont limited liability company doing business as Bristol Community Solar (the “Company”), is offering (the “Offering”) up to a maximum of One Million Two Hundred Seventy Eight Thousand Eight Hundred dollars (\$1,278,800) (the “Maximum Offering Amount”) of Series B Membership Interest Units (the “Securities” or the “Units”). These Securities are not currently traded on any public market, and there can be no assurances that they will ever be publicly traded. If you invest in these Securities, you should expect to hold them for an indefinite period of time.

The funds raised pursuant to this Offering Memorandum will be used to construct, own, operate, and maintain a 500 kW solar generating plant in Bristol, Vermont (the “Project”). An investor’s principal return on this investment will be in the form of net metering credits allocated to the investor’s Green Mountain Power Corporation (or a successor utility, “GMP”) electric account, rather than in cash. The value of the credits will be subject to fluctuation based on prevailing utility tariffs and Public Utilities Commission (“PUC”) rules and regulations, and the energy output of the solar generating plant.

The Company reserves the right to approve or reject any investor. The Securities are being offered by the Company only to investors who meet certain requirements. See the discussion under SECTION 9: INVESTOR SUITABILITY, in this Vermont Crowdfunding Offering Memorandum (this “Memorandum”), for information as to whether you qualify and an explanation of other suitability requirements.

The Offering will commence on March 22, 2021 and is scheduled to expire on the one-year anniversary of the commencement date, unless the Offering is terminated sooner by the Company or extended by the Company in accordance with the Vermont Crowdfunding securities regulations. All funds received by the Company in connection with the Offering, including a \$70 per Unit deposit, will be held in escrow until (i) the Offering has met the Minimum Offering Amount and (ii) the PUC has issued a Certificate of Public Good for the Project, or otherwise until the termination of the Offering period. If a subscriber for Series B Units has paid his or her \$70 per Unit deposit and then declines to close for the subscribed amount, the Company will retain such funds if the Offering is successful. However, if upon the termination of the Offering period, the Company has not obtained aggregate investor subscriptions that equal the Minimum Offering Amount, the Offering will be cancelled and all funds received from investors in connection with the Offering will be returned to such investors without interest.

The Company has set a minimum subscription amount per investor of at least five units (US \$3,502) and a maximum subscription amount per investor of no more than \$10,000; provided that the Company may on a case-by-case basis accept subscriptions that exceed \$10,000 from qualified investors who satisfy certain additional financial and suitability requirements, described in SECTION 9: INVESTOR SUITABILITY.

Acorn Energy Solar 3, LLC

Vermont Crowdfunding Offering Memorandum

REGULATORY NOTICES AND DISCLOSURES

This Memorandum has been prepared solely for the benefit of those Vermont residents in the GMP service territory interested in the proposed offering of the Securities. If you are not a Vermont resident, or are a Vermont resident without a GMP electricity account, this Offering is not open to you. The information provided in this Memorandum may be used only for the purpose of evaluating whether or not to invest in the Securities.

This Memorandum is summary in nature and should only be read in conjunction with the attached exhibits – including the assumptions used in the Company’s pro forma financial plan, which is attached as Exhibit A and the Company’s Operating Agreement, which is included in Exhibit B. No one should purchase any Securities in this Offering without careful review of this Memorandum, including all exhibits. The information in this Memorandum was prepared solely by the Company. None of this information can, or should be, relied on as a promise of future performance of the Company. Circumstances may change at any time, and the Company’s business plans or proposed operations may change without any notice to you. Neither the delivery of this Memorandum nor any sale to you shall under any circumstance create an implication that there has been no change in the affairs of the Company or applicable utility tariffs after the date of this Memorandum or of any exhibit. The Company also strongly advises you to consult with an investment professional and your personal financial and legal advisors before making any decision to invest.

The Securities have not been registered under the Securities Act of 1933, as amended (the “Securities Act”) or the securities or “Blue Sky” laws of any state and may not be transferred or resold without (i) registration under the Securities Act and applicable state registration or qualification, unless, in the opinion of the Company’s counsel, an exemption from registration under applicable federal and state securities laws is then available under Rule 144 or otherwise and (ii) compliance with all other restrictions on transfer, if any, contained in this Memorandum and applicable documentation. This is explained more fully below.

Because the funds being raised pursuant to this Memorandum are to construct, own, operate, and maintain a specific solar photovoltaic generator, as more fully described herein, the purchase and sale of the Securities is subject to the acceptance by the Company of a subscription and the receipt of the full principal amount thereof in immediately available funds. All funds received from accepted subscriptions will be available for use by the Company only upon the Company’s determination that the Minimum Offering Amount has been achieved. The Company reserves the right to reject any prospective investment in whole or in part or to allot to any prospective investor less than the principal amount such investor desires to purchase. This Memorandum constitutes an offer only to the prospective investor to whom this Memorandum is first delivered, or with the prior written consent of the Company, to a subsequent investor, and does not constitute an offer to sell to or a solicitation of an offer to buy from anyone in any state or other jurisdiction in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation.

In making an investment decision, you must rely on your own examination of the information the Company provides in this Memorandum and the terms of the Offering, including the merits and risks involved. These Securities have not been recommended by any federal or state securities commission or

Acorn Energy Solar 3, LLC

Vermont Crowdfunding Offering Memorandum

regulatory authority, nor has any commission or authority confirmed the accuracy or determined the adequacy of any of the information, materials or terms of this Offering or this Memorandum. Any representation to the contrary is a criminal offense.

These Securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act, and the applicable state securities laws. If a qualified buyer of your Securities cannot be found, you may not be able to sell or transfer any Securities purchased by you, and therefore you may be required to bear the financial risks of this investment for an indefinite period of time.

This Offering of the Securities is being made in reliance upon the availability of exemptions from the registration provisions of the Securities Act and in reliance upon the availability of an exemption from the qualification or registration provisions of the securities laws of the State of Vermont.

You are not to construe the contents of this Memorandum as investment, tax, or legal advice. This Memorandum and the exhibits, as well as the nature of the investment, should be reviewed by each prospective investor and each prospective investor's professional advisor (attorney, accountant and/or investment advisor).

This Memorandum contains information the Company believes to be reliable as of the date of the Memorandum. No warranty can be made that circumstances have not changed since the date such information was supplied. This Memorandum contains summaries of certain provisions of documents relating to the Company's business and the purchase of the Securities. These summaries do not purport to be complete. Please contact us to review the original documents.

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

VERMONT CROWDFUNDING OFFERING MEMORANDUM

This Offering involves a high degree of risk, including the risk of loss of your entire investment. You should carefully consider the risks described generally throughout this Memorandum and the Exhibits and specifically in SECTION 6: RISK FACTORS as well as the other information in this Memorandum and the Exhibits, before you purchase any of the Securities.

Some of the information in this Memorandum and the Exhibits contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as “may,” “will,” “expect,” “anticipate,” “believe,” “estimate,” “forecast,” “project” and “continue” or similar words. You should read statements that contain these or similar words carefully because they (1) discuss the Company’s expectations about its future performance; (2) contain projections of the Company’s future operating results or of the Company’s future financial condition; (3) state other “forward-looking” information. The Company believes it is important to communicate its expectations to its investors. There may be events in the future, such as those described in SECTION 6: RISK FACTORS, which the Company is not accurately able to predict or over which the Company has no control.

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

1. COMPANY OVERVIEW

General Overview of Company and Project.

The Company is a Vermont limited liability company with a principal place of business at 2098 Route 74, Cornwall, Vermont 05753. The Company's mailing address is P.O. Box 66, Middlebury, Vermont 05753.

The Company's Articles of Organization and Operating Agreement are attached as Exhibit B to this Memorandum. The Company is governed by a single Manager – Acorn Renewable Energy Co-op (“Acorn”). There are presently eight directors on the Board of Acorn, who are identified below. Acorn, acting as an agent for the Company, currently holds an option to lease the land on which the Project, described further below, is to be built. There are letters of Project support from the Town of Bristol, where the Project is to be located, and from the Addison County Regional Planning Commission. These letters are important inputs to the application process for a Certificate of Public Good (“CPG”) which, when issued, provides authorization by the state of Vermont for the Company to proceed with the construction of the solar array and to enable the most favorable pricing of the solar credits as envisioned in our business plan.

The purpose of the Company is to obtain a CPG and other necessary permits and then to construct and manage a 500 kW AC solar generating plant located in Bristol, Vermont. The Project will generate net metering credits to be allocated pursuant to Vermont's net metering program (PUC Rule 5.100) by GMP for every kilowatt-hour of energy produced by the Project and fed onto GMP's distribution system. GMP will allocate those credits, in accordance with the Company's instructions and Vermont's net metering program, to the owners of Series B Units pro rata based on the relative number of Units owned by each member. The Company obtained its CPG on April 1, 2021.

The photovoltaic array the Company intends to construct with proceeds from this offering is more completely described in its Vermont PUC regulatory filing, Docket No. 20-3978-NMP, which is available at <https://epuc.vermont.gov/?q=node/64/154977>. In general summary:

Project Information. The Company's Project will be located on approximately 3.57 acres of an approximately 12.34-acre parcel of land with a 911-address of 80 Pine Street, Bristol, Vermont 05443. The Project parcel is owned by the Town of Bristol, Vermont (the “Landowner”) and is identified as parcel number 060153 in the Bristol Land Records, which is the site of Bristol's closed landfill. Acorn holds the option to lease the Project parcel for construction and operation of a solar array and will assign the lease option to the Company at the financial closing in order for the Company to execute the lease.

Solar Array Description. The Company proposes to construct a 500 kW (AC) group net-metered ground-mounted solar electric generation facility consisting of racking, solar panels, inverters, and other associated equipment. Using standard construction practices, concrete ballasts will be used to support Project racking and the solar panels. The racking will hold the panels at a fixed angle of 30 degrees in order to maximize energy production. The racking will be installed in fifteen (15) rows; each row measuring between approximately 150 and 270 feet in length. Approximately 1,694 Solar modules (model: ZNSHINE SOLAR: ZXM6-NHLDD144 or equivalent) will be installed on concrete ballasts. The modules will

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

be connected to ten (10) 50 kW Chint CPS SCA50KTL-80 DO/US-480 inverters, or equivalents. The inverters and the AC electrical distribution equipment will be mounted on galvanized posts located adjacent to the solar array and outside of the capped landfill area. The Project will sit on the landfill cap and will not penetrate its soil covering.

Year-round, daily access to the Project will not be required. Therefore, no on-site septic or water supply systems will be needed. The Project will be monitored remotely and if any unexpected conditions develop, technicians contracted by the Company will be dispatched to investigate. At the end of the Project's currently planned useful life, the Series B Members will decide whether to continue operating the Project, possibly with the addition of new equipment or whether to decommission it. When the Project is ultimately decommissioned, the infrastructure will be removed and the site will be restored.

The attached Conceptual Site Plan (Exhibit D) shows a schematic of the Company's current proposal for the Project. The Company's application for a CPG, submitted to the Vermont PUC, includes a final layout, which is expected to be substantially the same as the proposal in its current form.

Site Access and Equipment Delivery. The Project site will be accessed from roads maintained by the Town of Bristol (see Exhibit D). Typical tractor trailer and box truck vehicles will be used to transport materials to the site for construction. The Project will not require any oversized loads. If necessary, construction matting will be used for trucking access to the Project site during construction.

Preliminary Impact Assessment. The Company has had its contractor conduct an initial natural resources review; the Project will avoid impacts to environmental resources.

The Company chose the Project site because:

- Use of a "preferred" brownfields site, which is well screened from public roads.
- Lack of rare/endangered plants or animals, significant natural communities, wetlands, riparian zones, or critical wildlife habitat identified within the Project footprint.
- No wetlands, wetland buffers or endangered species are located on the Project site.
- No historic artifacts or buildings are located on the Project site
- It is unlikely that the Project will require any municipal services (fire, police, water/sewer), and will have no impact on other local services such as education.
- No primary agricultural soils are present within the Project footprint. The Company's contractor, Aegis, has provided additional environmental impact information in its PUC application.

Aesthetics. The Company's contractor performed an aesthetics assessment within the parameters set forth in Vermont's permitting statute, 30 V.S.A. § 248. Their analysis incorporates the provisions of the so-called "Quechee" analysis as adopted by the Public Utilities Commission, which weighs "societal benefits" when considering the aesthetic impacts of projects within its purview. A complete report documenting potential aesthetic impacts under the "Quechee" analysis has been submitted with the Company's PUC application. The proposed Project will not result in an undue adverse impact to the

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

aesthetics and scenic beauty of the area. The Project will be located in a relatively isolated area and will be partially shielded by its setting on top of Bristol's closed landfill.

Archaeological or Historical Significance. There are no historically significant sites with a view of the Bristol landfill.

Municipal Support. Representatives of the Company's Manager have discussed the Project with the Bristol Select Board and Energy Committee at multiple public meetings. In addition, the Project will sit on land leased to the Company by the Town of Bristol. The Company has executed a lease option agreement with the Town of Bristol, which presumably addresses any concerns that the town may have about the Project.

Company Management. Acorn will serve as the sole Manager of the Company. In this capacity, Acorn will receive an annual management fee, which we currently anticipate to be \$7,000 per year. The following are descriptions of the backgrounds of each of the current Directors of the Company's Manager, Acorn:

F. Peter Carothers, Middlebury, Vt.

Peter Carothers is a semi-retired, senior engineer with over 60 years technical and management experience in energy and environmental project engineering, development, and construction. He holds a BA from Dartmouth College and an MS in Engineering and Business Administration from Thayer School of Engineering and Amos Tuck School of Business Administration (both at Dartmouth). He has concentrated on waste fuels management and utilization, including technical, commercial, environmental, and financial issues. Working with two of the EPA's Outreach Programs: Coalbed Methane and Landfill Methane, he performed feasibility assessments and training assignments for renewable energy and waste recovery projects in many domestic and overseas locations. His broad experience includes engineering, business administration, cost and financial analysis, construction, and regulatory compliance.

Richard A. Carpenter, Cornwall, Vt.

Rich Carpenter is president of Carpenter Associates, a consulting firm which provides strategic planning, business development and product marketing assistance to early stage software and internet companies. He is a veteran of over forty five years in the software and Internet industry, having co-founded several companies and advised numerous others. He currently sits on several for profit and non-profit boards. He received Bachelors and Masters Degrees in Electrical Engineering from MIT. He is a board member emeritus at the Museum of Science in Boston where he sits on the Environmental Sustainability Committee. He currently serves as treasurer of the Acorn Renewable Energy Co-op.

J. Thomas Dunne, Middlebury, Vt.

Tom Dunne has had more than 45 years of financial and general management experience in for profit and non-profit businesses in the United States and Latin America. Major strengths are planning, budgeting, cost control, and project development. He has a BS Degree in Math from the University of Michigan and an MBA from Harvard. In the US, he has provided technical assistance to co-ops in the Mid-Atlantic Region for the Office of Economic Opportunity, helped in the development and management of low-income housing for Greater Boston Community Development, and served as executive director of the New Orleans Area Habitat for Humanity.

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

Greg Pahl, Weybridge, Vt.

Greg Pahl is a graduate of the University of Vermont, where he received a BA in Political Science. A full-time freelance journalist for many years, Greg is also the author of seven books that deal with various aspects of sustainable living. His more recent books focus on renewable energy. His latest is, *Power From the People: How to Organize, Finance, and Launch Local Energy Projects* (2012, Post Carbon Institute/Chelsea Green). In 2005, he helped to organize the Addison County Relocalization Network (the ACORN Network), as well as the Acorn Renewable Energy Co-op.

Benjamin Marks, Cornwall, Vt.

Benjamin Marks is an attorney who has worked with regulated utilities and represented clients before the Vermont Public Service Board (now the Vermont Public Utility Commission) since 2004. He has experience with permitting solar and wind electric generation projects. Prior to working with regulated utilities in Vermont, Ben worked as an attorney in New York City. He attended Amherst College where he graduated *magna cum laude* with a B.A. in English literature and graduated from the University of Virginia School of Law with a J.D. in 1997.

Steve Maier, Middlebury, Vt.

Early in Steve's career, he worked for federal, state, and local governments on water quality and solid and hazardous waste management programs. He led the Addison County Solid Waste Management District during the 1990's and served in the State legislature from 2003 – 2010. Steve also helped organize and lead the Middlebury Area Global Warming Action Coalition, at the beginning of the climate action movement, and was an original investor in the Acorn Energy Solar One project in Middlebury.

Gary Barnett, Cornwall, Vt.

Gary Barnett is an energy consultant who can help identify opportunities for saving, generating and using energy more efficiently. He has worked with area residents to develop plans to incorporate effective measures to lower their energy costs and assisted them to switch to renewable energy sources. Gary is knowledgeable about wood and pellet stove installations; from choosing a stove to hearth design and chimney installation. In addition, Gary is an experienced solar PV installer, and is also the energy coordinator for the town of Cornwall.

Suzy Hodgson, Charlotte, Vt.

Suzy brings many years of business and community experience to the Board. She works on climate change and sustainable agriculture issues at UVM Extension's Center for Sustainable Agriculture. She is a co-founder of Yourfarmstand, an online farmers market network, as well as the founder and chair of the Charlotte Energy Committee. She was the first Principal Consultant at Carbon Clear, a European-based carbon management company, and the Program Director at the Center for Environmental Strategy, University of Surrey, UK.

Susan Smiley, New Haven, Vt.

In recent years Susan has widened her early homesteading and organic agriculture activities with a focus on renewable energy and conservation. She has been part of the Champlain Valley Guide to Local Food

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

and Farms publication team, expanding and updating the Producer Directory annually. Solar panels on the farm barn and harvest of firewood from the farm's pasture edges and forest have helped reduce her domestic use of fossil fuels. Susan is co-chair of New Haven's conservation commission, a member of the newly forming Champlain Valley Regional Conservation Partnership, and a member of New Haven's Development Review Board.

Equity Structure.

As set forth in full in the Company's Operating Agreement, the Company will have two classes of Units: Series A Units and Series B Units. Co-operative Insurance Companies will own 100% of the Company's Series A Units, and will be entitled to exercise such powers as are held by members of the Company, subject to certain protective rights held by the Series B investors. During the first six years after the solar facility commences commercial operations, the Series A Member will be allocated 99% of the profits and losses of the Company, as well as 99% of the tax credits and rights to claim depreciation benefits. The Series B Members will hold the remaining 1% and will have limited voting rights during such time period, and will receive all of the Project's net metering credits. The Series B Members will have protections against certain Company actions that could adversely harm their interests, such as the addition of additional Members or additional Units, the amendment of the Company's Articles of Organization or Operating Agreement, or the dissolution of the Company (the full list is set forth in Section 3.4(d) of the Operating Agreement). During this initial six-year period, Acorn cannot be removed as Manager by the Members except for cause.

After the six-year period, the equity structure will "flip" such that the Series B Members will be allocated 95% of the profits and losses of the Company, and related benefits, and the Series A Member will be allocated the remaining 5%. Also, after the end of the six-year period, the Series A Member will have the right to require the Company to repurchase the Series A Member's Units for their "post-flip" fair market value (calculated based on the value of the Company at that time). If the Series A Members' Units are repurchased, then the Series B Members will have 100% voting control of the Company, with the unfettered right to appoint, remove and replace the Manager of the Company; and all Series A Units will be retired. Throughout the life of the Company, the Series B Members will be assessed an annual fee to pay for the Project's operating costs (such as solar array maintenance, Project taxes, insurance, site lease, mowing, remote monitoring, and accounting and administrative fees). The Company's present good faith estimate of the average aggregate annual assessment during the first ten years of the project is approximately \$44,960 per year or \$24.50 per unit per year. The Series B Members will also have the exclusive right to be allocated net metering credits generated by the Project during the life of the Company. The Company's Operating Agreement more fully describes the relative rights and obligations of the Series A Members, Series B Members and Manager and should be carefully reviewed in connection with any decision to invest in the Company.

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

2. THE OFFERING

The Company intends to raise a minimum of \$1,227,096 and a maximum of \$1,291,680 in this Offering. There will be 1,840 units sold. The price for the Securities is \$702 per Series B Membership Interest Unit, and each Unit corresponds to the energy (in the form of GMP net metered credits) generated by a proportional share of the project. Each participating Series B Member must purchase a minimum of five Units. The Unit price was determined by the Company's Manager based on anticipated construction, development, and start-up costs (i.e., a projection of the total Project cost) and the expectation that the Series A Member will invest approximately \$528,458 and receive 99% of the Project tax credits and depreciation allowances during the first six years of the Project operation.

The Securities will be offered pursuant to the intrastate offering exemption to the registration requirements of the Act, set forth in Section 3(a)(11) of the Act, and the Vermont Crowdfunding Exemption to the registration requirements of the Vermont Uniform Securities Act (as amended, the "State Act"), set forth in regulation V.S.R. § 5-12 of the Vermont Department of Financial Regulation, Securities Division. **This means that the Membership Interests in this Offering will only be made, and are only available, to residents of Vermont.** Moreover, because the Project being financed by the Offering is in GMP's service territory, and because the return on this Project is only in the form of net metering credits being allocated to specific GMP electric meters, this Offering will only be made to – and may only be accepted by – Vermont residents with an electric service meter in GMP's service territory as of the date of the Offering. The Offering is made in reliance upon the representations and warranties of each of the subscribers, including that they are purchasing the Securities for investment purposes and not with a view to any resale or distribution thereof. The Securities are not currently traded or expected to be traded on any public market, and therefore, there can be no assurances that they will ever be publicly traded. If you invest in these Securities, you should expect to hold them for an indefinite period of time.

Allocation of Net Metering Credits to Series B Members.

The principal economic rights of the Series B Members will be the receipt of GMP net metering credits generated by the Project, plus the liquidation rights described below. Under Vermont's net metering rules (PUC Rule 5.100), the value of the net metering credits generated by the Project will equal the residential electricity rate charged by GMP with a negative adjustor of \$0.02 due to the 500 kW size for the life of the project plus a 10-year positive adjustor in the amount of \$0.01 per kWh due to siting factors (Bristol's closed landfill) and the planned assignment of the Project's RECs to GMP. For the first year of operations, we expect that the aggregate credit available and allocated to a Series B Member would equal approximately \$75 per year per Series B Membership Unit. Because of the Project's operating costs (maintenance, taxes, insurance, remote monitoring, and others), the Company will require Series B Members to pay for Project expenses on a pro rata basis at the end of each year of operations, currently expected to be approximately \$24.50 per year per Series B Membership Unit. In addition, the net metering rules presently in effect require that each subscriber pay "non-bypassable" charges to their electric utility regardless of how many energy credits are received as a result of the Project. This means that no matter how much you invest in the Offering, or how much of a solar net metered credit you accrue as a result, there will still be some monthly charges that you will owe to GMP. The Company has no plans to pay cash distributions or to allocate or distribute any kind of property to its Series B Members other than the right to receive a share of the net metering credits generated by the Project. Subject to any applicable securities law restrictions, Series B Members will be only able to transfer their membership to

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

anyone in the GMP service territory who is otherwise eligible to be part of a net metered system, provided that the transferee agrees to be bound by the Company's operating agreement, and any such transfer (i) will require the prior written consent of the Manager, which shall not be unreasonably withheld or delayed, and (ii) will be subject to a right of first offer held by other interested Series B Members.

In order to have the highest rate solar adder from GMP apply to the net metered Project credits, the Company plans to assign all renewable energy credits ("RECs") generated by the Project to GMP with the understanding that GMP is required by PUC Rule 5.100 to use these credits to count toward the state's renewable energy goals. This means that neither the Company nor the Series B Members can claim that the energy generated by the Project is "green" or "renewable." With the assignment of Project RECs to GMP, the Company will have assigned to GMP the right to claim the renewable attributes of all Project energy generated and count that energy towards GMP's state renewable energy goals. The Company did not take this decision lightly, but feels that the Project cannot be run economically without the GMP REC assignment.

Liquidation Rights of Series A and B Members.

There is no plan to cease operation of the Project before the end of its 25-year planned life. It is necessary, however, to define and pre-set "liquidation rights" in the unlikely event that the Project must cease operating unexpectedly, for instance resulting from an uninsured event. In general, a liquidation right refers to the right of an equity holder to receive a pro rata share of the value of the Company upon winding up its business, after all the business's debts have been paid. As set forth in the Company's Operating Agreement, upon liquidation, the Company's assets will be distributed to its Members in proportion to their capital accounts after adjustments for all allocations of Profits and Losses for all periods from formation through the date of distribution.

If the Project continues until the end of its 25-year lease period, Members may decide to negotiate with the Landowner for a new lease and continue Project operation. If not, the net value of the panels, racks, and inverters after payment of costs related to 1) equipment removal, 2) site restoration, and 3) other Company debts, if any, is expected to be small and would be distributed to Members in the same pro rata manner. If the Project is extended beyond 25 years and then eventually is closed down, any net residual value will again be divided among the Members on the same pro rata basis, after payment of all Company debts.

Allocation of Profits and Losses.

The Company is not expected to generate profits during the life of the Project; rather the Members' principal economic benefit will be the receipt of net metering credits described above. Nevertheless, during the first 6 years of Project operation, the Series A Member will be allocated 99% of the Project's profits and losses, and the associated rights to claim investment tax credits and depreciation, and the Series B Members will be allocated 1%. Thereafter, the allocation will "flip", such that the Series A Member will be allocated 5% of the Project's profits and losses, and the Series B Members will be allocated 95% of the Project's profits and losses. In addition, the Series A Member may exercise a right to sell its units back to the Company after the sixth year of the Project's operation for the fair market value of the

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

Series A Units, in which case the Series B Members will hold 100% of the equity of the Company.

Voting Rights.

Series A and Series B Members will not have the right to remove or replace the Company's Manager, Acorn, during the first six years of the Company's operation, other than for cause. However, after that time, the Series A and Series B Members, voting as separate classes, shall have the unfettered discretion to appoint, replace and remove the Manager. The Series B Members will not have voting rights during the initial six-year period, other than those that may be required by law and other than the right to approve the certain extraordinary actions, which require the consent of at least 75% of the Series B Members. Such extraordinary actions include amending the Operating Agreement or the Company's Articles of Organization, winding up or dissolving the Company, selling or merging the Company, issuing additional Units, or changing the Company's line of business. A complete list may be found in Section 3.4(d) of the Company's Operating Agreement. Following the end of said six-year period, the Series B Members, together with the Series A Member, shall hold voting rights on all matters submitted to a vote of the Members of the Company, voting as separate classes. If the Series A Member exercises its right to require the Company to purchase its Series A Units after the sixth year of the Project's operation, the Series B Members will hold 100% of the voting power of the Company.

Other Features of the Series B Units.

The Company does not anticipate that the Securities will be represented by Unit certificates; rather, Members' membership interests will be reflected on the Company's books and records. However, if any certificates representing the Securities being offered hereby are issued, they will bear the following, or a substantially equivalent, legend:

THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT FOR RESALE OR TRANSFER. THEY HAVE NOT BEEN REGISTERED UNDER ANY SECURITIES LAW. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT UPON THE ISSUANCE TO THE COMPANY, OF A FAVORABLE OPINION OF COUNSEL AND THE SUBMISSION TO THE COMPANY OF OTHER EVIDENCE, SATISFACTORY TO AND AS REQUIRED BY COUNSEL TO THE COMPANY, THAT ANY SUCH TRANSFER WILL NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS.

Purpose of Offering.

The purpose of this Offering is to raise funds that will be used to permit, construct, maintain, and operate the Project, and to make net metered solar credits available at an affordable price to those who heretofore have not been able to or who have chosen not to install a solar photovoltaic generator at their homes (Series B Members).

3. THE INDUSTRY

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

Solar industry construction in Green Mountain Power's service territory has been robust in recent years, fueled in part by a 26% federal construction tax credit and by solar net metering credits (or solar "adders") included in Green Mountain Power's tariffs. For each kilowatt-hour ("kWh") of energy produced by a solar generating system in GMP's service territory, the system produces a credit at GMP's current retail rate, plus a net "adder" of -\$0.01 per kWh for ten years and then -\$0.02 thereafter. These amounts may be used to offset energy and other charges on the system owner's monthly electric bill. Recent rule changes (PUC Rule 5.100) introduce a class of utility charges for new systems such as the one proposed called "non-bypassable charges," which may not be off-set with net metering credits.

The most prevalent alternatives for participating in a solar project in Vermont today are described in the following three paragraphs:

1. Businesses or homeowners may purchase and install a solar photovoltaic system themselves. In this case, the system owner bears all the costs of system permitting, purchase, installation, and operation. Moreover, not all homes or businesses are ideally suited for solar installation, either because of lot size/orientation, existing vegetation, or age and type of building construction (such as a condominium or rental property).
2. Alternatively, an off-taker could buy solar net metering credits from a commercial installer who aggregates electric customers and builds a system with financed capital. Off-takers in this model sign a contract to receive a discount on their electric bills, but fundamentally do not own the panels or racking in any sense, they simply have lower electric bills than they might otherwise have.
3. There is also at least one co-operative in Vermont that owns a solar generating plant. In that model, participants purchase and own physical panels, which are collocated and associated costs shared. While this model is attractive, it requires a large amount of start-up capital.

By contrast the Company's Project lowers start-up costs to individual off-takers through the participation of a local company that desires to reduce its tax liability through tax credits and deductions for depreciation expense. This company will bear approximately 29% of the Project total capital costs. In our model, this is the Series A Member. In exchange for its investment, the Series A Member has the right to receive nearly all of the tax credit and depreciation benefits associated with the Project during the first six years of the Project's operations, and then diminished voting and economic rights thereafter, by which time all tax credits and depreciation will have been realized. This approach allows other Project participants, our Series B Members, to have the right to be allocated net metering credits at a fraction of the up-front investment cost they would face if Series B Members were constructing a solar generating system themselves. In addition, once the amount of their investment has been paid back by savings on their electric bills, the cost savings continue, except to the extent that there may be unexpected maintenance costs.

The recent change in the PUC's Rule 5.100 requires that all net metered solar projects in Vermont assign their REC's to the utility in the Project's service territory to receive the highest solar adder. This rule would apply equally to all of the solar construction options listed above.

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

4. BUSINESS PLAN

The cost of permitting and constructing the Project plus a sum for working capital is expected to be approximately \$1,807,258. Of this amount, approximately \$515,578 will be invested by the Series A Member (Vermont businesses and individuals who will not take part in the Series B offering, and who will not be off-takers of Project solar net metering credits). It is expected that \$1,281,680 will be invested in the aggregate by the Series B Members. Included in the total projected Project costs are approximately \$1,561,200 of construction and permitting costs, plus legal fees of approximately \$8,000, accounting fees, contingency, and a development fee of \$109,780 payable to Acorn.

Average annual operating costs during the first ten years of operation are estimated to be approximately \$43,870 include lease payments, taxes, maintenance, insurance, an annual management fee of \$7,000 payable to Acorn, and a cash reserve in the Company's account that is expected to grow to approximately \$67,480 by year six of Project operation, which would be available to the Company to repurchase the Series A Members' Units if the Series A Members exercise their option.

In order to construct the Project, the Company must first get permission to build it from the Vermont Public Utilities Commission, the state regulatory authority that oversees all generation infrastructure that is connected to Vermont's grid. The Project will also have to produce evidence to the PUC related to all the substantive criteria of 30 V.S.A. Section 248 (such as a lack of undue adverse effect to natural resources, orderly development of the region, and the like). When the Project starts producing power, it will do so under Vermont's net metering tariffs and associated rules.

If approved by the PUC, the Project will be interconnected to GMP's electrical distribution grid at 80 Pine Street. The Company has an option to lease the property on which the proposed Project will be located for a period of 25 years. The proposed Project is being constructed pursuant to GMP's net metering tariff and the Vermont PUC's rules. Once the Project is constructed and operational, the Company will instruct GMP to credit each Series B Member on his/her monthly electric bill a pro-rata share of the monetary value of the energy generated by the Project, thus offsetting amounts owed to GMP. The Company has obtained the right to receive net metering credits from GMP at the highest possible rate under the net metering rules by 1) assigning the renewable energy credits (REC's) associated with Project solar energy generation to GMP, in furtherance of Vermont's renewables goals and 2) getting local support from the Town of Bristol and from the Addison County Regional Planning Commission for the proposed Project, prior to filing for our petition.

You are being offered the opportunity to purchase Series B Units in the Company, which will entitle you only to receive net metering credits to reduce your electric bill. The application of credits to your account will vary seasonally and annually with the amount of sun that falls on the Project's array. In addition, the percentage of your bill that is covered by net metering credits will vary with your electricity usage and with the imposition of non-bypassable charges by GMP to its net metered customers. It is possible that credits allocated to you during a summer month may exceed your cost of electricity, and that in the winter this situation will likely be reversed. Under the net metering rules, credits that exceed the amount of a month's bill can carry over for up to one year; credits that are not used within one year will be forfeited to GMP.

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

The output of solar panels decreases slightly over time as the panels age by approximately 0.5% of system output per year. This means that while your percentage share of the solar net metering credits generated by the Project will remain constant, the amount of energy represented by those credits is expected to decline slightly over time.

While Series B Members are allocated all GMP net metering credits, the Series A Member will receive its return solely from federal tax credits and tax deductions: an Investment Tax Credit of 26% of 99% of the entire cost of the Project plus depreciation deductions on 87% of the Project cost, on a straight line basis over 12 years. No net metering credits will be allocated to the Series A Member.

After the sixth year of the Project's commercial operation, the Series A Member will have the option to require the Company to purchase all, but not less than all, the Series A Member's Units for their fair market value, as defined in the Operating Agreement. The value of the Series A Units will be based on the Units' "post-flip" allocation of 5% of the Company's allocation of profits and losses. If the Series A Put Option is exercised, the Company will retire the Series A Membership Units. The Series B Members would then own all the issued and outstanding Company equity. If and when the Series A Units have been repurchased, all voting, and management rights, as well as all other ownership rights, will be vested solely in the Series B Members, in proportion to each Series B Member's pro rata share of Company ownership.

The Company will be run on a day-to-day basis by its Manager, who will coordinate with GMP to ensure the appropriate allocation of net metered credits monthly to each Series B Member based on their pro rata share of Series B Units. Acorn will receive an annual management fee of \$7,000 for its management services, and is receiving a development fee of \$109,780 for its work in developing the Project.

5. SELECTED FINANCIAL INFORMATION AND DISCUSSION

Bristol Community Solar Balance Sheet

AES3 is a new entity formed to develop the 500 kW solar array in Bristol. As such, the firm has no assets and has received advances from both the Co-operative Insurance Companies (the Series A investor) and Acorn (the developer and project manager). These funds have been used for preliminary development costs including legal and accounting fees and engineering and environmental assessment fees. These deposit amounts will be credited toward its investment (in the case of the Co-operative Insurance Companies) and reimbursed (in the case of Acorn) at the time of the financial closing. In the event that the Bristol Community Solar offering is not able to raise the funds envisioned, these liabilities will be borne by the respective parties.

Assets	\$0
Liabilities	
Owed to Co-operative Insurance Companies	\$15,854
Owed to Acorn Energy Co-op	<u>\$17,959</u>
Total Liabilities	\$33,813
Net Worth	(\$33,813)

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

Total Liabilities

\$0

Exhibit A contains the key assumptions that drive this model and the projected financial results. A financial model covering all anticipated cash flows over the 25-year life of the Project has been developed by the Company and is available upon request.

First Year Cash Flows. Exhibit E shows initial investments, development costs and first year operating costs for AES3 LLC.

Discounted Cash Flow Model for the Project. By depicting forecasted capital costs, annual solar revenues, federal tax credits, and expected operating costs for each year of operation, the model provides estimates of two key criteria for both Series A and Series B Members: the internal rate of return (IRR) and the simple payback period. For example, according to the model, Series B Members, as a class, would realize an IRR of 6.98% over the assumed 25-year economic life of the Project, and they will have received net benefits in the form of energy credits less expense allocations equal to their original investments within 12 years. The credits represent money that Series B Members would have otherwise had to pay in utility charges, and it is on this savings that the Company's IRR is calculated. The largest cost element, Project capital cost, is largely taken from the signed turnkey design/construction contract between the Company and its contractor, Aegis.

We believe the forecasts are reasonable and expect that the effects of revenue escalation (electric rates) will tend to be offset by operating cost inflation. Based on the current net metering rules, we expect that the 1-cent per kWh adder will be in effect for ten years but the 2-cent penalty will be in effect for the life of the project. In addition, some of the Company's operating costs have been agreed to (e.g., Acorn administrative fee, annual array maintenance costs, and the site lease) and are therefore fixed.

Basic inputs for these projected results are:

- Projected kilowatt hours per year (kWh)
- Solar credits per kWh, consisting of the current blended residential rate (currently 14.2 cents per kWh, after a 2 cent size penalty) which is expected to escalate at a modest rate – this model has assumed 4% bi-annually after the second year of energy production.
- Solar adder per kWh, set by regulation for ten years at 1 cent per kWh of energy produced by the Company's proposed Project.
- A set of annual operating costs, some of which do not change.
- The need to keep cash in the Company's account to pay Company expenses and to build a balance to repurchase the Series A Member's Units following year 6 of Project operation, in the event that the Series A Member chooses to exercise its right to require the Company to repurchase the Series A Units, and to have enough cash to restore the site at the end of the Project's economic life.
- Federal tax credits, which provide offsets to the Series A Member investment
- The Company is not expected to have any secured debt, although it will incur trade payables, including maintenance charges, insurance, accounting fees, etc. in the ordinary course of its business.

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

6. RISK FACTORS

Investment in the Company's Securities involves a substantial degree of risk and should be regarded as speculative. You should consider investing in the Company's Securities only if you can afford the loss of your entire investment. Accordingly, you should consider carefully the following factors, in addition to the other information concerning our Company and our business contained in this Memorandum, before purchasing the Securities offered hereby. The following factors are not to be considered a definitive list of all the risks associated with an investment in our Securities.

General Risks. There are general risks inherent in any business undertaking particularly those encountered by start-up solar businesses, many of which are beyond the control of the Company's Board. These risks include the following: lack of sufficient capital; taxation of solar generation equipment; availability of credit; bankruptcy, reorganization, or insolvency of manufacturers of solar panels and inverters upon whose warranties the Company has relied; and regulatory developments. In the event that any of these or the following risks materialize, you could lose your entire investment in the Company.

Capitalization. As described in Section 5, the Company will have no business assets until the financial closing. Prior to the closing, Co-operative Insurance Companies and Acorn Energy Co-op have advanced funds to AES3 to cover initial development expenses. Participation in the Offering will entitle a Series B Member to the right to receive solar net metered credits, which will reduce, but not eliminate a Series B Member's GMP electric power bill expense. The rate of return on investment in a Series B Unit discussed above is determined by the amounts that the Series B Member would otherwise have had to pay to GMP for electricity, rather than a cash return on investment, and on the time it takes to construct the Project after the financial closing. Although no capital calls are anticipated, there can be no guarantee that the Company will not need to make a capital call upon its members for unanticipated expenses relating to Project repair, litigation, or Project damage not covered by insurance, such as damage due to *force majeure*, like extreme weather events or other acts of God.

Obstacles to Execution of Business Plan. There can be no assurance that we will be able to successfully implement our business plan or that unanticipated expenses, regulatory problems or technical difficulties which would result in material delays in implementation will not occur.

Dependence on Key Personnel. The Company relies on certain key personnel within Acorn, which will serve as Manager of the Company. These personnel have no legal commitment regarding their length of service with Acorn and Acorn does not maintain key life insurance on any personnel.

Uncertain Ability to Attract Additional Qualified Personnel. There is no guarantee that Acorn will be able to recruit and retain people possessing the skills and experience needed to perform the Administrator function on behalf of the Company.

Uncertain Ability to Meet Cash Obligations. There can be no assurance that the financial projections contained in this Memorandum will be realized.

Cash Distributions are Not Expected. The Company is not expected to have a positive cash flow other

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

than is needed to fund operations and the buyout of Series A Member, as well as a small fund at the end of year 25 to remove the equipment and restore the site. Rather, the Company will produce energy eligible for net metering credits under Green Mountain Power's net metering tariff and the Public Utility Commission's rules and regulations. Prospective investors must recognize that the Company is unlikely to declare any cash distribution.

Holding the Securities Indefinitely May be a Possibility. The Securities offered are not being registered under federal or state securities laws and are being offered by the Company in this Offering pursuant to exemptions from such registration requirements for intrastate offerings pursuant to Section 3(a)(11) of the Act and for Vermont crowdfunding offerings pursuant to regulation S-2015-01 of the Vermont Department of Financial Regulation, Securities Division. In order to transfer the Securities after purchase in this Offering, the Securities either need to be registered under the Act and the State Act in the future, or exemptions from registration must be available. By the execution of the subscription agreement (in the form attached as Exhibit C), each investor will represent, among other things, that the investor is acquiring the Securities for investment for the investor's own account for long-term investment only, and not with an intent to resell, fractionalize, divide or redistribute all or any part of the Securities to any other person. You are advised to contact your personal legal advisor prior to purchase for more detailed information concerning the restrictions on the transfer of the Securities. As a purchaser of restricted securities, you will likely need to hold these Securities indefinitely. In addition, any transfer of Series B equity interests in the Company will be limited to permitted transfers in the electric service territory of GMP, or any successor utility.

Rescission Risk. The Securities will be offered and issued pursuant to exemptions from registration requirements for intrastate offerings pursuant to Section 3(a)(11) of the Act and for Vermont crowdfunding offerings pursuant to V.S.R. S-2016-01 § 5-11 of the Vermont Department of Financial Regulation, Securities Division. If the Company should fail to comply with the requirements of such exemptions, some or all of the Company's members could have the right to rescind their investment. If a number of investors were successful in seeking rescission, the Company would face severe financial demands which could adversely affect the Company and the non-rescinding members.

Risk of Investor Residing Outside of Green Mountain Power Service Area. If an investor ceases to reside within Green Mountain Power's service area, the investor will not be able to use net metering credits allocated to the investor based on the Project's energy generation. As noted elsewhere, the right to be allocated net metering credits is the principal economic right held by Series B investors.

Risk of Higher than Expected Operating Expenses. Taxes are set by municipalities and the state of Vermont and are beyond the Company's control. Moreover, the value of net metering credits, the solar adder and the level of GMP's non-bypassable charges that appear on investors' net metered electric bills are set by GMP and the Public Utilities Commission. There is no guarantee that the projected annual charge to Series B Members to cover operating costs will be sufficient to meet all the Company's operating requirements. In that event, the Company will have to increase its annual operating fees and this may result in a lower rate of return over a given amount of time for the Series B Members.

No Guaranty or Warranty of Energy Output. The Company has used its commercially reasonable efforts to make conservative projections of Project energy output. However, because Project output is dependent, in part, on the weather, there is no certainty that the Company's electrical output

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

assumptions will be accurate. If they are inaccurate, the amount of net metered credits allocable to Series B holders may be less than expected, resulting in a lower rate of return. Further, it is a known phenomenon that solar panels' electrical output degrades with age and assumptions about degradation have been included in the business plan; however, the exact amount of panel efficiency decrease cannot be definitively predicted.

Uncertainty of Future Tariffs, Fees, or Future Technological Advances. The anticipated Project lease has a term of 25 years. During that time, there may be technological advances in the field of solar photovoltaics, or other renewable power sources that prove to be more electrically efficient, or more cost efficient, than the solar panels that the Project will use. In addition, current utility tariffs, fees, and state regulation play a large part in the Company's financial models. These tariffs and regulations can change, either with or without notice and may result in changes to the Company's cost structure and might therefore negatively impact the projected rate of return on your investment.

Risk of Renewable Energy Credit (REC) Sale. The Company plans on assigning all renewable energy credits associated with Project energy production to GMP in furtherance of the state's renewable energy goals and in order to receive the best solar "adder" from GMP for each kilowatt-hour of energy produced by the Project, according to the PUC's rules. GMP is currently in the business of selling renewable energy credits in its portfolio that are in excess of the amounts GMP is required to retire annually. There is currently no registration or reliable auditing system in place to confirm the retirement of the Project's renewable energy credits by GMP. GMP will be required to retire Company RECs assigned to it according to PUC Rules. However, the Company currently has no way to verify that GMP has retired the Company's RECs and therefore there is no way to assure Series B Members that the energy the Project produces is "renewable," as that term is understood by the Attorney General of the State of Vermont.

Risk of Third-Party Supplier and/or Equipment Failure. The solar panels and inverters to be used by the Project will be covered by warranties from the products' manufacturers. However, bankruptcy or business failure by those third-party suppliers may make it impossible for those warranties to be honored. If the manufacturers of the solar panels or inverters that the Company uses become bankrupt and that equipment fails, the Company will have to effect repair and/or replacement of such equipment at its own cost. If those costs exceed the Company's reserves, the Company will issue a capital call to its members to repair or replace such failed equipment. In addition, the Company has a construction agreement with Aegis Renewable Energy, Inc., a Vermont business with its corporate office at 340 Mad River Park, Suite 6 Waitsfield, VT 05673, to permit and construct the Company's Project. A voluntary or involuntary bankruptcy, or other corporate infirmity, of Aegis after the Company has paid for Project components, but before the Project is transferred to the Company could materially and negatively affect the Company's ability to produce the projected results set forth in this Offering.

Risk of IRS Not Respecting Partnership Structure. Although the financial structure of the Project has been based on publicly available guidance from the Internal Revenue Service regarding similar projects, it is possible that the IRS could determine that, based on the structure of the Company, that the Series A Member is not eligible to receive the anticipated tax benefits associated with the Project. If that were to occur, the Series A Member could potentially seek to recover the lost investment from the Company.

Risk of CPG Suspension/Litigation. The Company intends to begin Project construction as soon as it is awarded its CPG and the financial closing has taken place. If a project opponent successfully appeals the

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

CPG to the Vermont Supreme Court after the Project begins producing energy, or if a project opponent succeeds in obtaining an injunction against the Project's operation, there may be a suspension of the Project's energy production and/or Series B Members' allocation of net metering credits until such injunction is lifted or until the CPG is reinstated.

Force Majeure/COVID-19 Risk. The ongoing COVID-19 pandemic, and any possible future outbreaks of viruses, may have a significant adverse effect on the Company. We cannot at this time predict the impact of the COVID-19 pandemic on the Company's business, plans and operations. COVID-19 could have a material adverse effect on the Company's business, financial position, results of operations, and cash flows. Potential effects include possible supply chain disruptions, layoffs, and defaults related to the Company's suppliers of photovoltaic panels, equipment, and racking, or to the transportation of the same, the effectiveness of the workforce of the Company's builders, the response of the state and federal government and their regulatory agencies (including quarantine, temporary closures, or shelter-in-place orders), the timely (or adequate) payment of the Company's annual maintenance fees by Series B Members. In addition, the COVID-19 pandemic may have a significant adverse effect on Acorn's directors and personnel and their ability to carry out their work thereby affecting the Company's operations. Further, the Company's ability to attract investors may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks.

Risk of "Non-Bypassable Charges." GMP's tariffs define utility bill charges such as customer charges, energy efficiency charges, electric assistance program charges and extraordinary storm damage and other charges as "non-bypassable." This means that new net metered customers cannot use credits generated by a net metered system like the Project to offset non-bypassable portions of their GMP bill. In addition, GMP is currently interpreting their tariff to state that existing net metered solar owners who constructed their solar arrays prior to July 1, 2017 and who subsequently invest in the Project will lose their ability to offset those charges. If you built an existing solar array on your home prior to July 1, 2017, and your system is less than 10 years old, this provision may apply to you and should be factored in to your investment decision.

Litigation Risk. If the Project is delayed by litigation that delays Project construction following the financial closing, there is a risk that actual rates of return will be lower than the Company's projections as set forth in this Memorandum.

Forward Looking Statements. This Memorandum contains forward-looking statements that are based on our current expectations, assumptions, estimates, and projections about our business, our industry, and the industry of our clients. When used in this Memorandum, the words "expects," "anticipates," "estimates," "intends," "believes," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. The cautionary statements made in this Memorandum should be read as being applicable to all related forward-looking statements wherever they appear in this Memorandum.

7. IMPORTANT LEGAL INFORMATION

>>> **The maximum investment permitted pursuant to this offering is \$10,000 per person, unless the investor is an Accredited or Certified Investor, as described in SECTION 9: INVESTOR SUITABILITY.** <<<

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

>>> This offering has neither been registered with the United States Securities and Exchange Commission nor the Vermont Department of Financial Regulation. The United States Securities and Exchange Commission and the Vermont Department of Financial Regulation have neither approved nor disapproved of this offering. <<<

>>> This offering has been prepared pursuant to the offering exemption from registration provided under the federal Securities Act of 1933 and the Vermont Crowdfunding Exemption under the Vermont Securities Act, and as such is only available for Vermont residents. <<<

Investment in the Securities involves significant risks and is suitable only for persons who have no need for immediate liquidity in their investment and who can bear the economic risk of a loss of their entire investment. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

All investors must possess such knowledge, either alone or through a representative, to be able to understand the Company's proposed business plan, to evaluate the merits and risks of the investment and to make an informed business decision regarding whether to invest in the Company.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Offering, including the merits and risks involved. The Securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representation made to the contrary is a criminal offense.

The Securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Act and the State Act pursuant to registration or exemption therefrom.

Except as otherwise provided herein, no offering literature in any form is authorized for use in connection with the offering of these securities except for this Memorandum. No person is authorized to make representations regarding this offering other than those listed in this Memorandum.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any state other than Vermont or to any person other than those described herein. If you have any questions about the Company, this Memorandum or the Offering, please contact: info@acornenergycoop.com.

8. SUBSCRIPTION PROCEDURES

If you decide to invest in the Company, you must read, agree to and complete the subscription agreement (attached as [Exhibit C](#)) providing for the purchase of the Securities for cash. The subscription agreement contains representations you must make to the Company concerning, among other things, your residence and financial condition, in accordance with the Act and the State Act.

The Company intends to raise at least \$1,227,096 in order to consider this Offering a success. If the Company does not receive subscriptions in the Minimum Offering Amount by March 22, 2022, then the procedures outlined on page 1, paragraph 4 will be followed. Upon receiving the Minimum Offering Amount and receiving a CPG for the Project, the Offering will be considered a success and Units will be

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

issued to each participating investor as recorded in the books and records of the Company. Until such time as the Company receives the Minimum Offering Amount, all funds will be held in escrow until the Offering is a success or otherwise until the fundraising deadline noted above. The Company does not currently anticipate issuing any certificates representing membership interests.

Any subscriber who wishes to purchase the Securities should deliver the following to Acorn Energy Co-op, PO Box 66, Middlebury, VT 05753.

1. One completed and executed signature page to subscription agreement; and
2. A check payable to "Dunkiel Saunders" for \$70 per Series B unit.

Upon submitting the above-listed subscription materials to the Company, a subscriber will NOT have a right to withdraw the subscription for any reason. The Company reserves the right to reject any subscription in whole or in part or to allot to any investor less than the principal amount subscribed for by the investor. If the Company rejects a subscription, in whole or in part, any funds received with respect to the rejected subscription will be returned to the subscriber without interest.

9. INVESTOR SUITABILITY

All persons who invest in the Company must be bona-fide residents of the State of Vermont, have an electric meter in GMP's service territory, and must be making the investment for their own account and not for resale. The Securities are only suitable for, and should only be considered by, those persons who understand the nature of the risks involved and who can afford to assume such risks and to sustain a loss of their investment and who have adequate financial means and no need for liquidity in any funds invested. Consult your financial advisor with questions for your personal situation.

Any person making an investment in excess of the \$10,000 maximum investment amount must satisfy certain additional suitability standards. Specifically, such investors must qualify as either an Accredited Investor under 17 C.F.R. 230.501(a) or a Vermont Certified Investor under the Vermont Crowdfunding Exemption from registration requirements under the Vermont Uniform Securities Act.

To qualify as an "Accredited Investor" under 17 C.F.R. 230.501(a), a natural person must EITHER:

1. Have an individual net worth, or joint net worth with that person's spouse, of more than \$1,000,000. For purposes of calculating net worth, (i) the person's primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

OR

Bristol Community Solar

Vermont Crowdfunding Offering Memorandum

2. Have an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year.

To qualify as a “Vermont Certified Investor” under the Vermont Crowdfunding Exemption, a natural person must EITHER:

1. Have an individual liquid net worth, or joint net worth with that person's spouse, of more than \$500,000. For purposes of calculating net worth, (i) the person’s primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability, or
2. Have an individual income in excess of \$100,000 in each of the two most recent years or joint income with that person's spouse in excess of \$150,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year.

10. ADDITIONAL INFORMATION

As a prospective investor, you and your professional advisors are invited to review any materials available to us relating to our Company, our plan of operation, our management and financial condition, this Offering and any other matter relating to this Offering. We will afford you and your professional advisors the opportunity to ask questions of, and receive answers from, our officers concerning such matters and to obtain any additional information (to the extent we possess such information and can acquire it without unreasonable expense) necessary to verify the accuracy of any information set forth in the Memorandum. All such information and materials may be requested from info@acornenergycoop.com.

11. CERTIFICATION

I, Peter Carothers, Secretary of the Company, hereby certify that the Company has made reasonable efforts to verify the material accuracy and completeness of the information contained in this Offering Memorandum.

Thank you for your consideration.

Exhibit A - Project Details, Credits, Assumptions and Returns

Location of Project	Town	Bristol
	Street Address	70 Pine Street
	Size (kW AC)	500
	Parcel Size (acres)	3+

Solar Array	Number of Panels	1,694
	Watts per Panel DC	440
	Size of System - kW (DC)	745.4
	Installed Cost per DC Watt (\$)	2.095
	kWh/year/kilowatt DC	1,247
	Expected kWh first year	929,464
	Degradation per year	0.50%

Net Metering Credits	Base Rate	0.142
	Ave % rate incr in even years	4.0%
	Solar Adder (\$)	0.01

Series B Units	Price per watt (\$)	1.60
	Deposit per unit (\$)	70
	Minimum number of units	5
	Minimum purchase price	3,510

Estimated Returns	Series A IRR (%)	12.59%
	Series A Payback (years)	5
	Series B IRR (%)	6.98%
	Series B Payback (years)	12

Exhibits B – Articles of Organization and Operating Agreement (See Operating Agreement in separate document)

	VERMONT SECRETARY OF STATE
	Corporations Division
	MAILING ADDRESS: Vermont Secretary of State, 121 State Street, Montpelier, VT 05602-1104
	DELIVERY ADDRESS: Vermont Secretary of State, 121 State Street, Montpelier, VT 05602-1104 PHONE: 802-248-2080 WEBSITE: www.vermont.gov

ARTICLES OF ORGANIZATION

"ELECTRONICALLY FILED"
 FILING NUMBER: 0002673797
 FILING DATE: 4/5/2020
 EFFECTIVE DATE: 4/5/2020

BUSINESS INFORMATION	
BUSINESS ID	0370287
BUSINESS NAME	ACORN ENERGY SOLAR 3 LLC
BUSINESS TYPE	Domestic Limited Liability Company
BUSINESS DESCRIPTION	Any Legal Purpose
BUSINESS EMAIL	benmarks2005@gmail.com

DESIGNATED OFFICE PHYSICAL ADDRESS			
STREET ADDRESS	2098 Route 74 ,	CITY	Cornwall
STATE	Vermont	ZIP CODE	05753
COUNTRY	United States		

DESIGNATED OFFICE MAILING ADDRESS			
ADDRESS	2098 Route 74 ,	CITY	Cornwall
STATE	Vermont	ZIP CODE	05753
COUNTRY	United States		

FISCAL YEAR END MONTH	
FISCAL YEAR END MONTH	December

AGENT INFORMATION		
NAME	PHYSICAL ADDRESS	MAILING ADDRESS
BENJAMIN MARKS	2098 ROUTE 74, CORNWALL, VT, 05753, USA	2098 ROUTE 74, CORNWALL, VT, 05753, USA

MANAGEMENT STYLE
Manager-Managed

MEMBERS INFORMATION	
Does the LLC have members at the time of filing?	No

AUTHORIZER INFORMATION	
AUTHORIZER SIGNATURE	Benjamin Marks
AUTHORIZER TITLE	Authorized Person

Exhibit C

Subscription Agreement

(See on next page)

SUBSCRIPTION AGREEMENT

Acorn Energy Solar 3 LLC

Ladies and Gentlemen:

1.Subscription for Series B Membership Interest Units. The undersigned ("Subscriber"), intending to be legally bound, hereby subscribes to purchase from Acorn Energy Solar 3 LLC, a Vermont limited liability company (the "Company"), the equity in the Company described below. This subscription is submitted to the Company in accordance with and subject to the terms and conditions described in this Subscription Agreement. The undersigned acknowledges and agrees that, until this subscription is accepted by the Company, this Subscription Agreement does not constitute a binding agreement to issue any equity interest to the Subscriber.

2.Amount and Method of Payment; Rights and Obligations of Members. The undersigned hereby subscribes for the number of units of Series B Membership Interest Units set forth on the signature page hereto (the "Securities"), to be purchased for the aggregate purchase price set forth on the signature page hereto. A holder of the Securities shall have the rights and be subject to the restrictions and obligations of a holder of the Securities set forth in the Company's Articles of Organization and Operating Agreement.

3. Company Representations and Warranties. The Company represents and warrants to the undersigned as follows:

- a. The Company is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Vermont, and has all requisite limited liability company power and authority to carry on its business as now conducted and to issue and/or sell the Securities as contemplated in this Subscription Agreement.
- b. All limited liability company action on the part of the Company, its officers, managers and members necessary for the authorization and delivery of this Subscription Agreement and any related documents or agreements, the performance of all of the obligations of the Company hereunder and thereunder and the authorization, issuance (or reservation for issuance), sale, and delivery of the Securities being sold or issued hereunder has been taken, and this Subscription Agreement and any related documents or agreements, when executed and delivered, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms except (i)

as limited by applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws of general application relating to or affecting the enforcement of creditors' rights generally; and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other general equitable remedies, regardless of whether the issue of enforceability is considered in a proceeding in equity or at law. The Securities being sold and issued pursuant to this Subscription Agreement, when sold or issued and delivered in accordance with the terms of this Subscription Agreement for the consideration expressed herein, will be duly and validly issued, fully paid, and non-assessable, and will be free of restrictions on transfer other than restrictions on transfer under this Subscription Agreement, the Company's Articles of Organization and Operating Agreement, and applicable securities laws.

4. **Subscriber Representations and Warranties.** The undersigned Subscriber represents and warrants to the Company (and understands that the Company is relying upon the accuracy and completeness of such representations and warranties in connection with the availability of an exemption for the offer and sale of the Securities from the registration requirements of applicable federal and state securities laws) that:

- a. The Subscriber is a resident of the State of Vermont and has an electric account and meter with Green Mountain Power Corporation. The residence of the Subscriber and the GMP account number set forth on the signature page hereto are the true and correct address and GMP account number of the Subscriber and the Subscriber has no present intention of becoming a resident or domiciliary of any other state or jurisdiction or relocating to any other state or jurisdiction.
- b. The Subscriber has the full power and authority to enter into this Subscription Agreement and that this Subscription Agreement, when executed and delivered, will constitute a valid and legally binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms.
- c. The Subscriber possesses such knowledge, either alone or through a representative, to be able to understand the Company's proposed plan of business, to evaluate the merits and risks of the investment and to make an informed business decision regarding whether to invest in the Company.
- d. The Subscriber believes that s/he has received all the information s/he considers necessary or appropriate for deciding whether to make the investment in the Company. The undersigned Subscriber further represents that s/he has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the Securities and the business, properties, prospects, and financial condition of the Company and to obtain additional information necessary to verify the accuracy of any information furnished to the Subscriber or to which the Subscriber had access. Without limiting the foregoing, the Subscriber has received copies of, and has read and understands,

the Company's Securities Offering Memorandum (the "Offering Memorandum"), Articles of Organization and Operating Agreement.

- e. The Subscriber understands that the Securities shall be subject to restrictions on transferability and resale and may not be transferred or resold except to the Company.
- f. The Subscriber understands that s/he must bear the economic risk of this investment in the Company for an indefinite period of time and is able to bear such economic risk.
- g. The Subscriber understands that there are many risks associated with an investment in the Company and the Subscriber fully understands such risks, including the risks described under the heading "Section 6: Risk Factors" in the Offering Memorandum.
- h. The Subscriber understands that the offering of the Securities has not been registered with the Securities and Exchange Commission nor the Vermont Department of Financial Regulation. The Securities and Exchange Commission and the Vermont Department of Financial Regulation have neither approved nor disapproved of the offering.
- i. The Subscriber acknowledges that no discussion or analysis of the tax aspects of an investment has been provided by the Company and that each prospective investor must rely on his or her own accountants, attorneys and advisors as to such matters.
- j. The Subscriber is the only party in interest with respect to this Subscription Agreement, and the Subscriber is acquiring the Securities for investment for his, her or its own account for long-term investment only, and not with an intent to resell, fractionalize, divide or redistribute all or any part of the Securities to any other person.
- k. The Subscriber agrees that any certificates representing the securities constituting the Securities or any component thereof, if applicable, will contain and be endorsed with the following, or a substantially equivalent, legend:

THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT FOR RESALE OR TRANSFER. THEY HAVE NOT BEEN REGISTERED UNDER ANY SECURITIES LAW. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT UPON THE ISSUANCE TO THE COMPANY, OF A FAVORABLE OPINION OF COUNSEL AND THE SUBMISSION TO THE COMPANY OF OTHER EVIDENCE, SATISFACTORY TO AND AS REQUIRED BY

COUNSEL TO THE COMPANY, THAT ANY SUCH TRANSFER WILL NOT VIOLATE THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS.

1. If the Subscriber is a natural person, he or she is at least 21 years of age.

5. **Vermont Qualified Investor Status.** If the Subscriber is subscribing to purchase Securities for the aggregate purchase price of more than \$10,000, but not more than \$25,000, then the Subscriber must initial below to make the following certification:

By initialing below, the undersign Subscriber hereby certifies that either:

- a. S/he has an individual liquid net worth, or joint net worth with the Member's spouse, of more than \$500,000; or
- b. S/he has an individual income in excess of \$100,000 in each of the two most recent years or joint income with the Member's spouse in excess of \$150,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

INITIAL HERE: _____ (*For subscriptions of \$10,001-\$25,000 ONLY*)

6. **Accredited Investor Status.** If the Subscriber is subscribing to purchase Securities for the aggregate purchase price of more than \$25,000, then the Subscriber must initial below to make the following certification:

By initialing below, the undersign Subscriber hereby certifies that either:

- a. S/he has an individual liquid net worth, or joint net worth with the Member's spouse, of more than \$1,000,000; or
- b. S/he has an individual income in excess of \$200,000 in each of the two most recent years or joint income with the Member's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

INITIAL HERE: _____ (*For subscriptions of more than \$25,000 ONLY*)

7. **Indemnification.** The Subscriber agrees to indemnify and hold harmless the Company from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Subscriber to comply with any covenant or agreement made herein or in any other document furnished by the Subscriber in connection with a subscription to purchase the Securities.

8. **Notices.** Any notice, demand or other communication which any party hereto may be required, or may elect, to give to anyone interested hereunder shall be sufficiently given if:

- a. Deposited, postage prepaid, in United States mail, registered or certified, return receipt requested, addressed to such address as may be given herein (for the Company) or in the records of the Company (for the Subscriber); or
- b. Delivered personally at such address.

9. **Entire Agreement.** This Subscription Agreement contains the entire agreement of the parties with respect to the purchase of the Securities and there are no other agreements except as stated or referred to therein. No agent or representative of the Subscriber or the Company has authority to make or has made any statement, agreement or representation, either oral or written, in connection herewith, modifying, assigning or changing the terms and conditions set forth within.

10. **Assignment.** This Subscription Agreement is not transferable or assignable and any purported transfer or assignment shall be null and void.

11. **Governing Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Vermont, without resort to principles of conflicts of laws.

12. **Binding Effect.** Except as otherwise provided herein, this Subscription Agreement shall be binding upon and inure to the benefit of the Subscriber's heirs, executors, administrators, successors and legal representatives.

13. **Severability.** If any provision of the Subscription Agreement shall be held to be void or unenforceable under the laws of any jurisdiction governing its construction or enforcement, this Subscription Agreement shall not be void or vitiated thereby, but shall be construed to be in force with the same effect as though such provision were omitted.

14. **Counterparts.** This Subscription Agreement may be executed through the use of separate signature pages or in any number of counterparts, and each of such counterparts shall, for all purposes, constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart.

[Remainder of Page Intentionally Left Blank]

SIGNATURE PAGE
to Subscription Agreement of
Acorn Energy Solar 3 LLC

The Subscriber, desiring to purchase a Securities to be issued by Acorn Energy Solar 3 LLC (the “Company”) hereby agrees to all of the terms of the attached Subscription Agreement of the Company and agrees to be bound by the terms and provisions thereof.

EXECUTED, ACKNOWLEDGED AND SWORN TO by the Subscriber.

Number of Series B Membership Interest Units Purchased: _____

Price Per Unit: \$702

Aggregate Purchase Price: \$ _____

(If aggregate purchase price exceeds \$10,000, then the Subscriber must satisfy the criteria for, and certify as to, either Vermont Qualified Investor or Accredited Investor status. See Sections 5 and 6 of the Subscription Agreement.)

Deposit Amount at \$70 per unit \$ _____

Signature of Subscriber

Printed Name of Subscriber

Residential Address of Subscriber:

Green Mountain Power Account Number of Subscriber:

THIS SUBSCRIPTION AGREEMENT IS HEREBY ACCEPTED THIS ____ DAY OF _____, 2021 BY:

[_____]

By: _____

Name:

Title:

Exhibit D
AES3 Site Plan

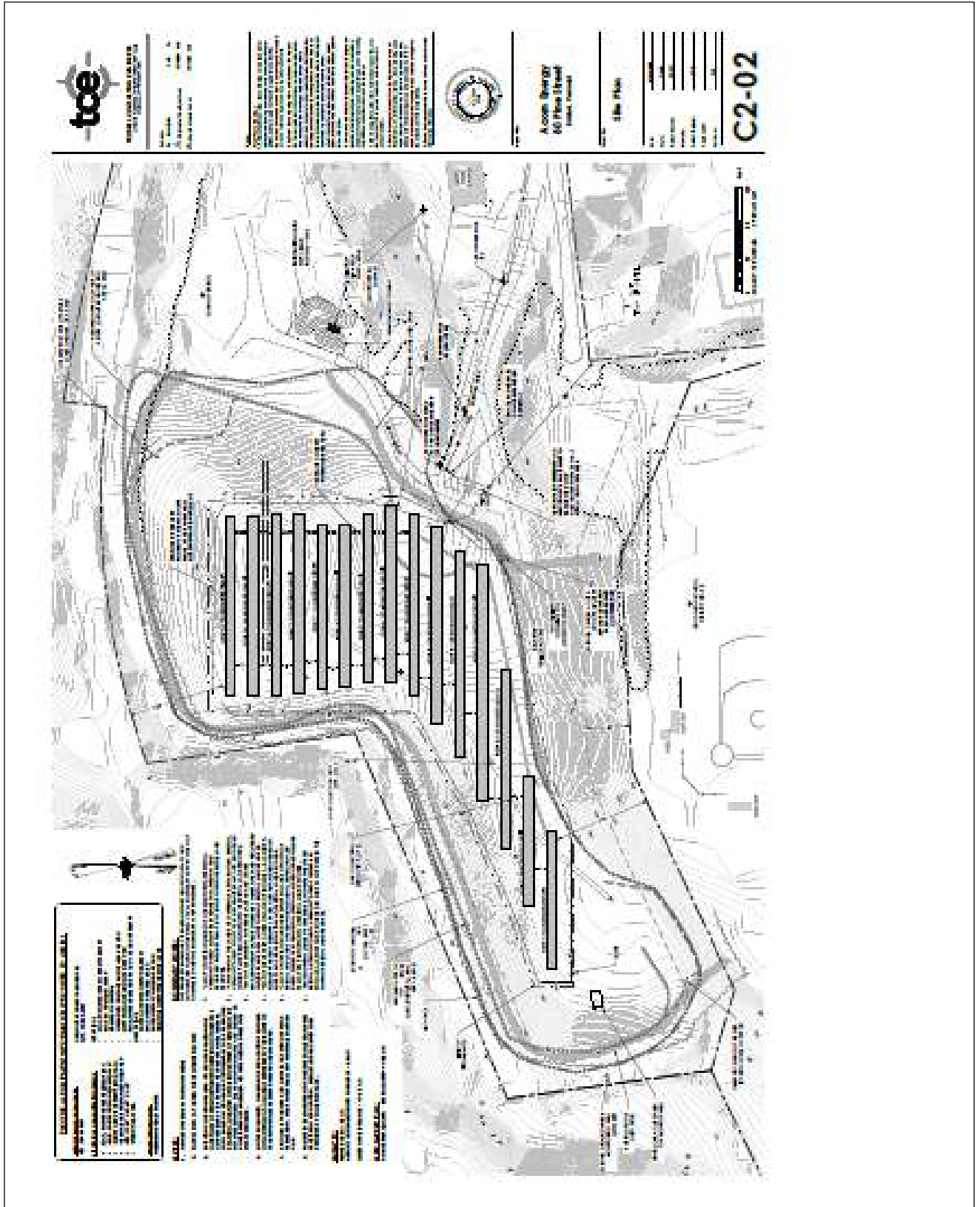


Exhibit E - First Year Cash Flow

Investors	Total A Investment	515,578
	A as % of total investment	30.2%
	Price per Panel B investor	702
	Total B Investment	1,189,188
	B as % of total investment	69.8%
	Total A and B Investment	1,704,766

Development Costs	Design/construct Turnkey	1,561,529
	AEC Dev Fee per watt	0.15
	AEC Dev Fee	109,780
	Marketing Expense	8,000
	Legal Fees	8,000
	Accounting Fees	7,000
	Working Capital	40,000
	Project Contingency	73,284
	Project Capital Cost, Developed	1,807,593

Annual Operating Cost First Full Year	Site lease payment	3,000
	Municipal Property Tax	8,000
	AEC Admin Fee	7,000
	Insurance Premium	7,500
	Tax Preparation	3,000
	Array Monitoring & Maint	5,216
	Mowing	1,000
	VT Solar Tx @ \$4/kW (DC)	2,000
	Contingency %	10%
	Contingency \$	3,459
	Total Operating Costs (1st full year)	40,175

Other Costs	Inverter "Sinking Fund" - \$10,000/y in four specific years	10,000
	Buyout at six years (estimated)	67,844
	% cost inflation factor	2.00%