

Presentation

to the

Nebraska Wind Conference

by

TradeWind Energy

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Introducing TradeWind Energy

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AN EXPERIENCED DEVELOPMENT TEAM

- **Founded in 2003; based in Lenexa, Kansas**
- **Approx. 4,000 MW of Active Wind Development in the Central USA**
 - Senior managers with 80 + years of combined utility and Independent Power Project (IPP) experience
 - Talented team of engineers, meteorologists and project developers

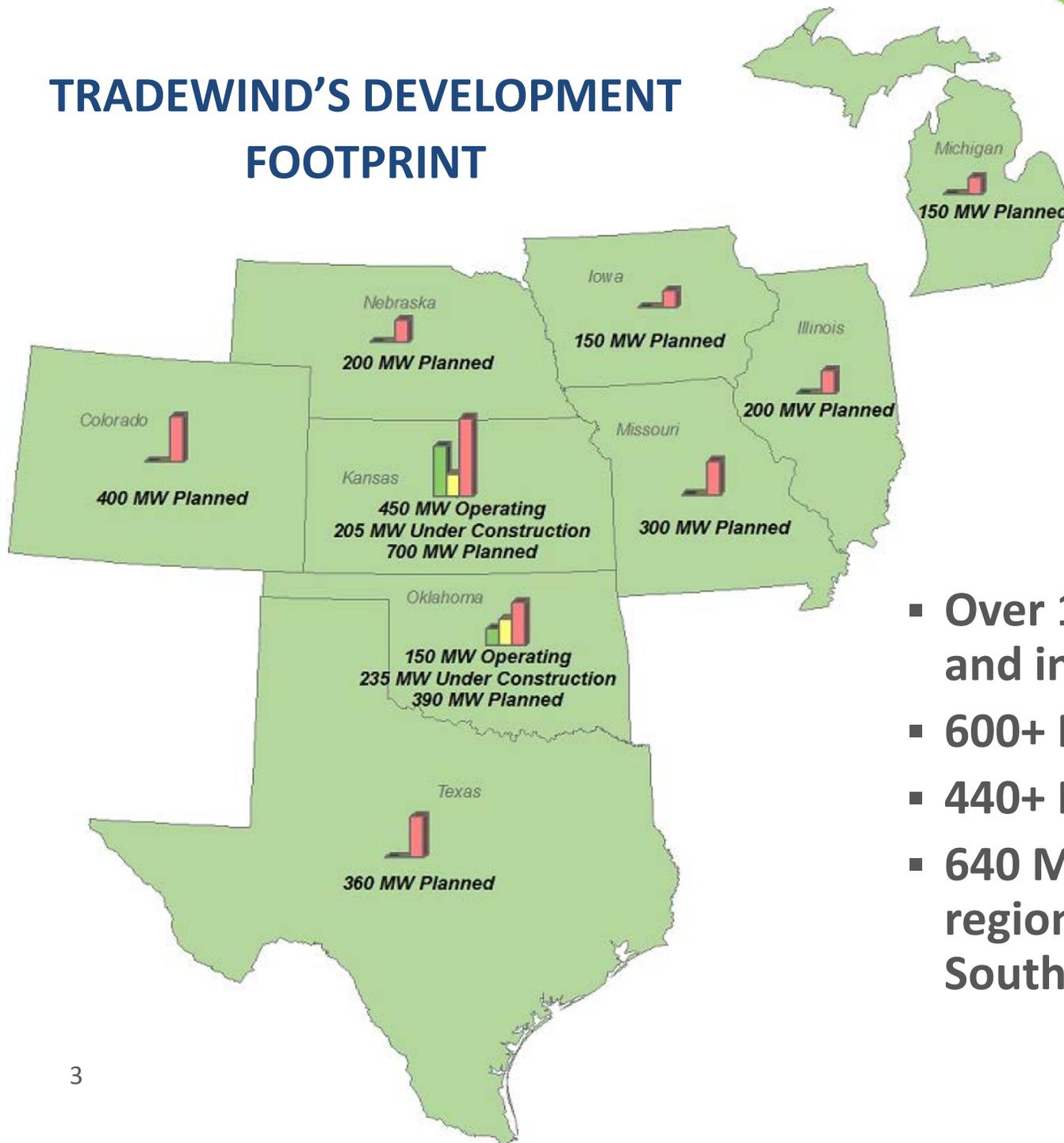


Award-Winning Smoky Hills Wind Project, Kansas

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TRADEWIND'S DEVELOPMENT FOOTPRINT



- Over 1,000 MW of operating and in-construction projects
- 600+ MW operating
- 440+ MW in-construction
- 640 MW will be exported to regions outside of the Southwest Power Pool (SPP)

Introducing TradeWind Energy

TRADEWIND ENERGY PROJECTS

Project Status

- ★ Operating
- ★ In Construction
- In Development

Contracted Projects

Smoky Hills I

148.5 MW
In Service: 2008

Smoky Hills II

100 MW
In Service: 2008

Caney River

200 MW
In Service: 2011

Rocky Ridge

150 MW
In Service: 2012

Chisholm View

235 MW
COD: 2012

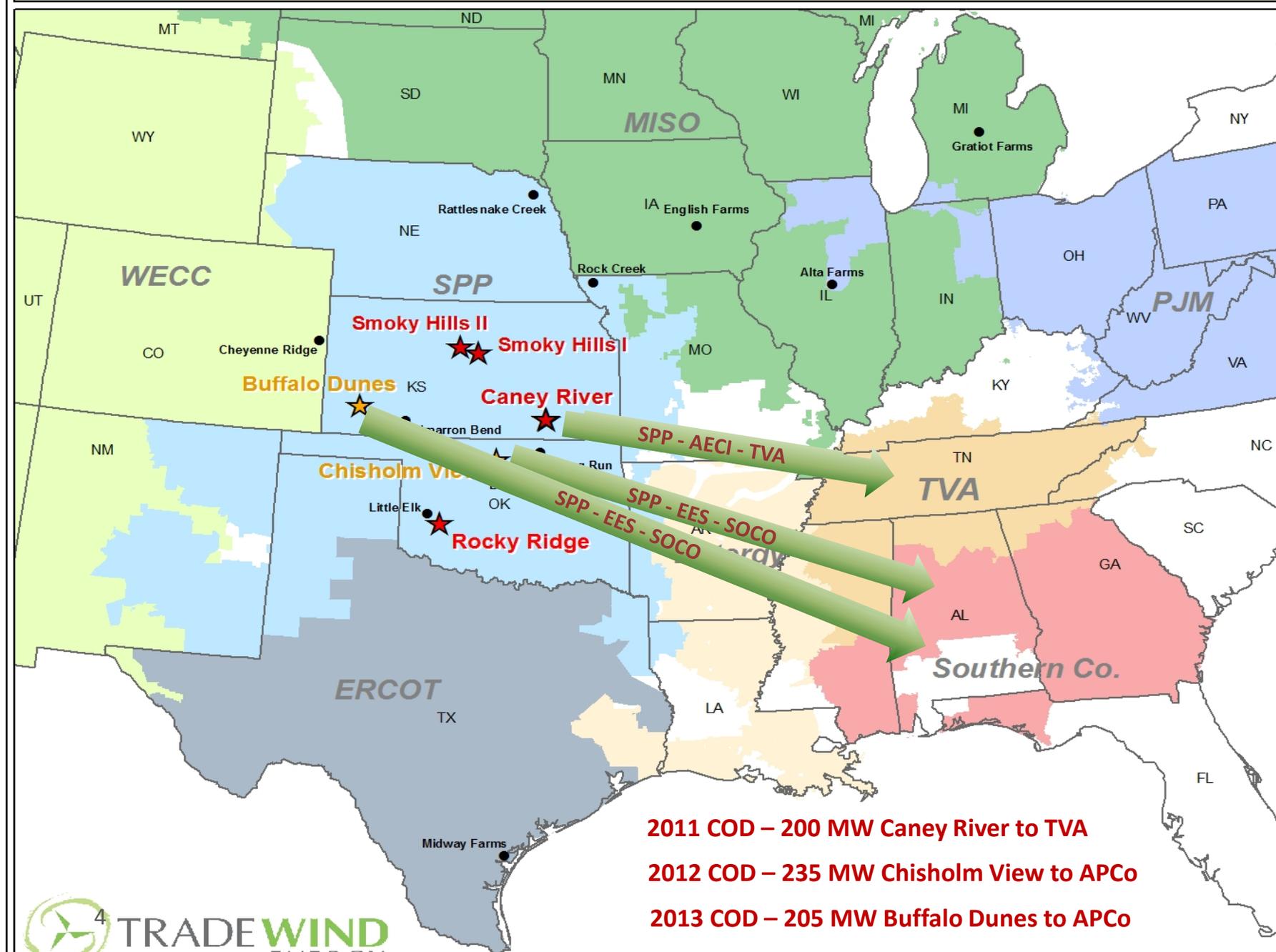
RTO Regions

- ERCOT
- MISO
- PJM
- SPP
- WECC

Control Areas

- Entergy
- Southern Co.
- TVA

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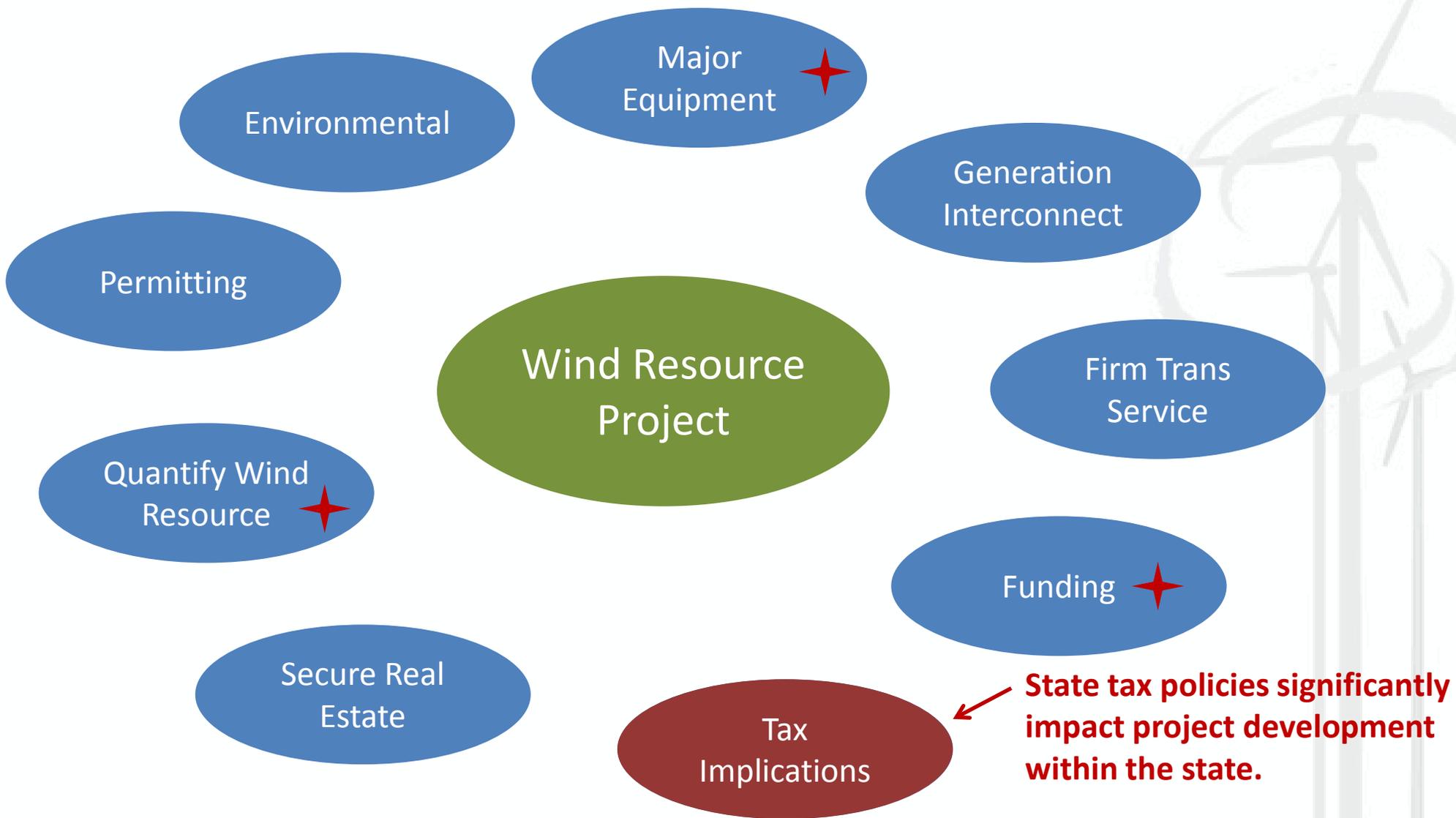
2011 COD – 200 MW Caney River to TVA

2012 COD – 235 MW Chisholm View to APCo

2013 COD – 205 MW Buffalo Dunes to APCo

The Wind Development Maze

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✦ Denotes top three drivers of PPA energy price.

How “tax” competitive is Nebraska?

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Tax Environment in Nebraska for Wind Developers

- **Nameplate capacity tax of \$3,518/MW**
 - Replaces the assessment of depreciable tangible personal property used directly in the generation of electricity.
 - Real property is still subject to local assessment.



Caney River Wind Project, Kansas

▪ Sales & Use Tax

- Typically increases a project's development cost by 5% or more (Results in a higher PPA energy price.)
- **Can increase energy price by over \$3 per MWh!**

How “tax” competitive is Nebraska?

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Tax Environment in Neighboring SPP States

- **Kansas**
 - No Sales & Use Tax
 - Ability to negotiate Payments in Lieu of Taxes (PILOT)
- **Oklahoma**
 - No Sales & Use Tax
 - 5-year property tax exemption
 - \$5 per MWh state production tax credit

By EOY 2012, Kansas is expected to have ~2,700 MW of installed wind generation.

Oklahoma expects to surpass 3,000 MW of installed wind generation by end of 2012.

Nebraska is expected to have slightly over 430 MW of installed wind generation resources by EOY 2012, none of which is exported outside the state.



Nebraska's Lost Opportunity

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For Every 1,000 MW Not Developed in Nebraska:

- **Landowners forego \$120-\$200 million in royalties**
 - Based upon average LO payments of \$6-\$10K per MW-year for 20 years
- **Local governments forego over \$70 million in Nameplate Capacity Taxes, plus local assessments on “real property”**
 - NCT calculated at \$3,518 per MW-year for 20 years
- **Local & State economies forego improved roads, new jobs and increased tax base due to higher personal income**
 - Per Sept. 2012 Ex Post Analysis* performed by NREL, DOE and USDOA, an **average increase of 480 new county-level jobs is expected per 1,000 MW**
 - Based upon the study of 1,009 counties across 12 contiguous states, using a sample period of 2000 to 2008

*"Ex Post Analysis of Economic Impacts from Wind Power Development in U.S. Counties" - Study performed by Berkeley Lab, Economic Research Service of US Dept of Agriculture, and the Nat'l Renewable Energy Laboratory

<http://www.sciencedirect.com/science/article/pii/S0140988312001466>

What is Nebraska's long term goal regarding wind energy?

- The current Nebraska tax policy has resulted in only ~430 MW of in-state wind development, and no export related projects
- Oklahoma and Kansas have captured almost 6,000 MW of in-state wind development, with > 1,000 MW tied to export purchase agreements.
 - PILOT agreements, property taxes, and state income taxes will benefit OK and KS taxing entities by over \$45 million annually for 20 years
 - Landowners in OK and KS stand to receive over \$700 million in royalties over the next 20 years. (Positively impacts state and local sales tax revenues as a result of direct and indirect consumer spending.)
 - Wind development in OK and KS is in the process of adding almost 3,000 new county-level jobs

The Nebraska Dilemma

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Nebraska is at a crossroads

- Nebraska's current Sales & Use tax policy is the single largest impediment to wind development in the state.

If the state of Nebraska truly desires wind resource development, and its associated economic development benefits, Nebraska's current Sales & Use tax policy on wind projects must be abated.



Rocky Ridge Wind Project, Oklahoma