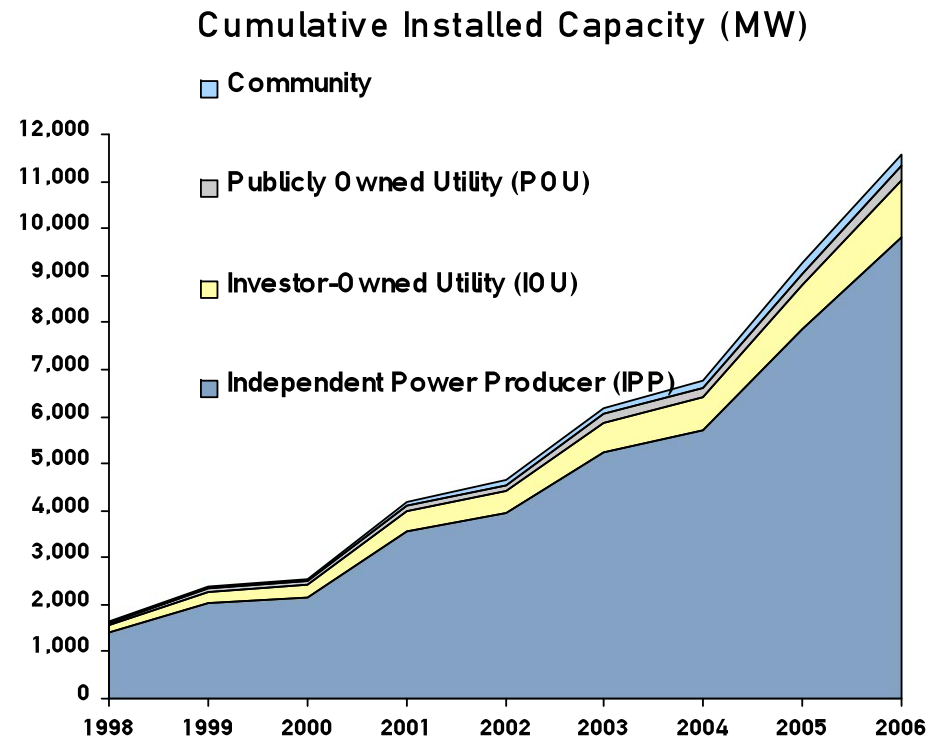
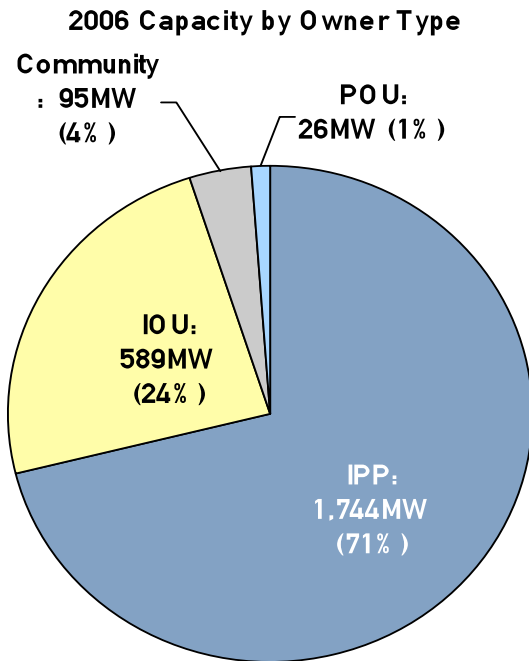




Who are Independent Power Producers (IPPs)?



Market Overview / Ownership Structure: IPP's continue to lead wind industry, owning 75% of all new capacity



IPPs Currently Working in Wyoming

- Airtricity Inc
- Big Wind Wyoming LLC
- BP Wind Energy North America
- Catamount Energy Corporation (Duke)
- Clipper Windpower
- Evergreen Wind Power Partners LLC (EnXco)
- Mountain Wind Power LLC
- Orion Energy LLC
- PacifiCorp Interwest Mining Co
- Pelton Creek Properties LLC
- Power Company of Wyoming (Anchutz)
- Ridgeline Energy LLC
- Rim Rock Power Partners LLC
- SeaWest Energy Association (AES)
- Shell Wind Energy Inc
- Teton Wind LLC
- TPW Craven Creek LLC
- Uinta County Wind Farm LLC (existing wind farm)
- Wasatch Wind Development LLC
- Watstach Wind LLC
- Wheatland Wind Power LLC
- Whirlwind LLC
- Windcor Energy LLC
- AES SeaWest, Inc
- AEC Wind Generation Inc
- Beaver Divide Wind Power LLC
- Cannon Power Corporation
- Chalk Mountain Wind LLC
- Infinity Wind Power
- Invenergy Wind Development LLC
- Pathfinder Renewable Wind Energy
- PPM Energy
- Q Creek Land and Livestock LLC
- Sequoia Energy US Inc
- TRE Bakker Wind Energy LLC
- Wind Quarry LLC
- Zephyr Electric
- Iberdrola Renewables
- Terra-Gen
- First Wind
- Horizon Wind Energy
- Columbia Energy Partners

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Objectives of this presentation:

- County/State roles in wind energy development
- Current issues affecting wind development in Wyoming
- Consider shared interests and partnerships



How long do wind projects take?

- Wind mapping/site scouting
- Landowner agreements
- BLM MET tower applications
- Establish MET towers, collect data
- Evaluate MET data, decide yes or no
- Develop Transmission Plan/Agreements
- Secure Power Purchase Agreements (PPA)



How long does it take?

- BLM Wind Farm applications
- EIS and public processes
- Develop engineering plan
- Secure turbines & components
- Build the project
- Connect to the grid
- Pay taxes to governments and royalties to landowners
- 3 - 4 years minimum
- Are 10,000 turbines realistic?



What's in it for Wyoming?

- Large Capital Projects: \$250 million for **typical 100 MW project**
- \$25-\$30 million per 100 MW Balance of Plant
- 150-200 construction jobs; 10 permanent jobs
- Ancillary business opportunities (towers, blades, electronic components, railroad offload facilities)
- Restaurants, motels, gravel, other service providers
- Property Tax Revenue to County: > \$15 million over 20 years
- Landowner Revenue
- Sales and use taxes, impact assistance payments



What's in it for Wyoming?

- Annual payments to landowners to lease land for wind energy – development, construction, operations periods
- ~\$10,000 per turbine per year
- ~\$50,000 per section while grazing continues
- Grassroots support/Wind Associations
- Renewable Energy Alliance of Landowners



What's in it for Wyoming?

- Property and Sales Tax revenues
- Short and long term jobs
- Manufacturing? (Windsor, CO example)
- Diversification: more “eggs in more baskets”
- Natural partnerships between oil & gas industries
- Hedge against future carbon constraints



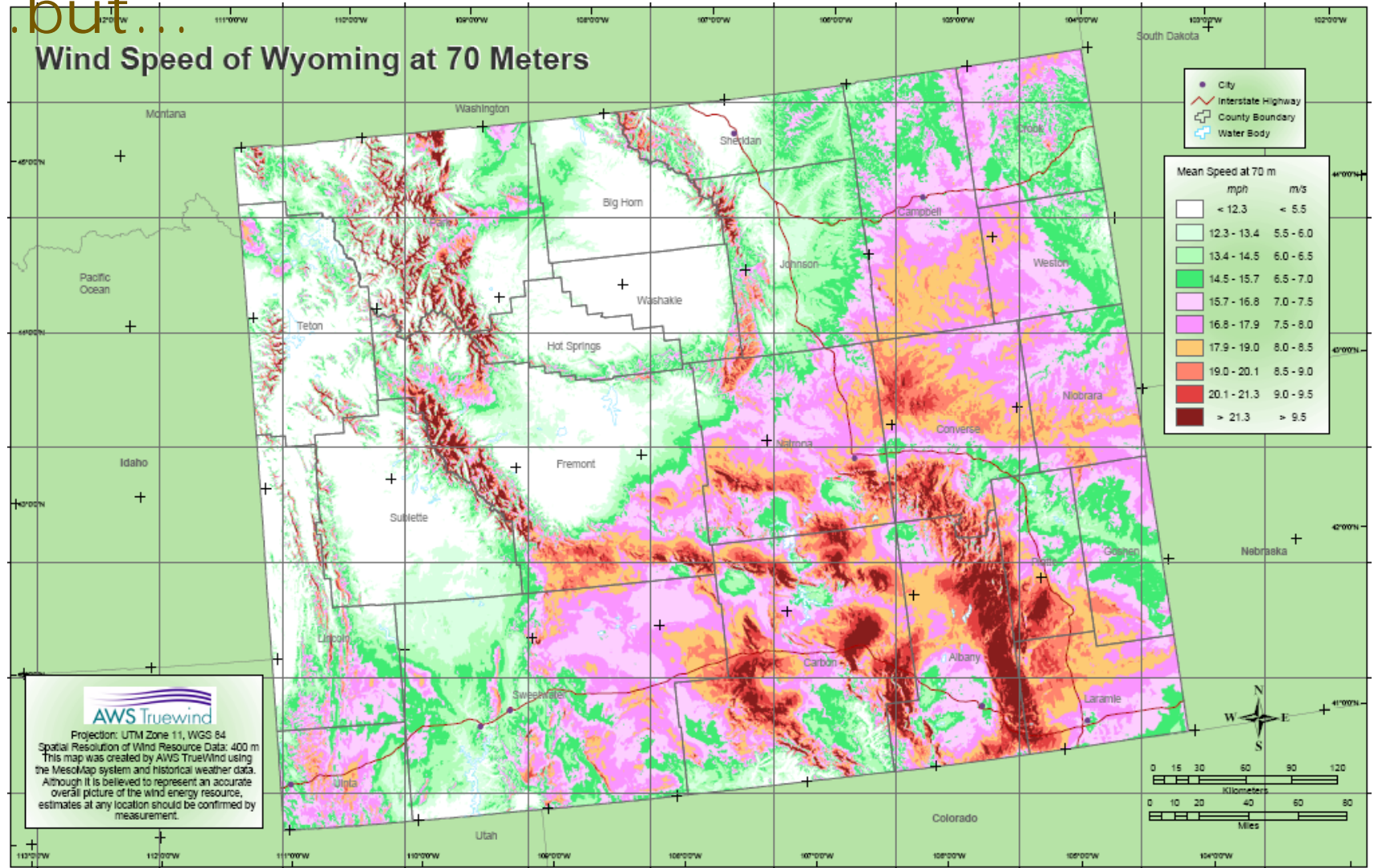
Is Wyoming Wind a “Sure Thing?”

- Transmission permitting & distance to markets
- Legislative/Regulatory/Tax Environment
- Public and Local Government Perception
- Federal Lands (BLM) and State Lands
- Environmental Issues:
Sage Grouse, Raptors, Elk & Deer Crucial Habitat,
Visual Resource Management (VRM), Historic
Trails, Cultural, Associated Politics, etc.
- How much time do we have?



Superior Wind Resource

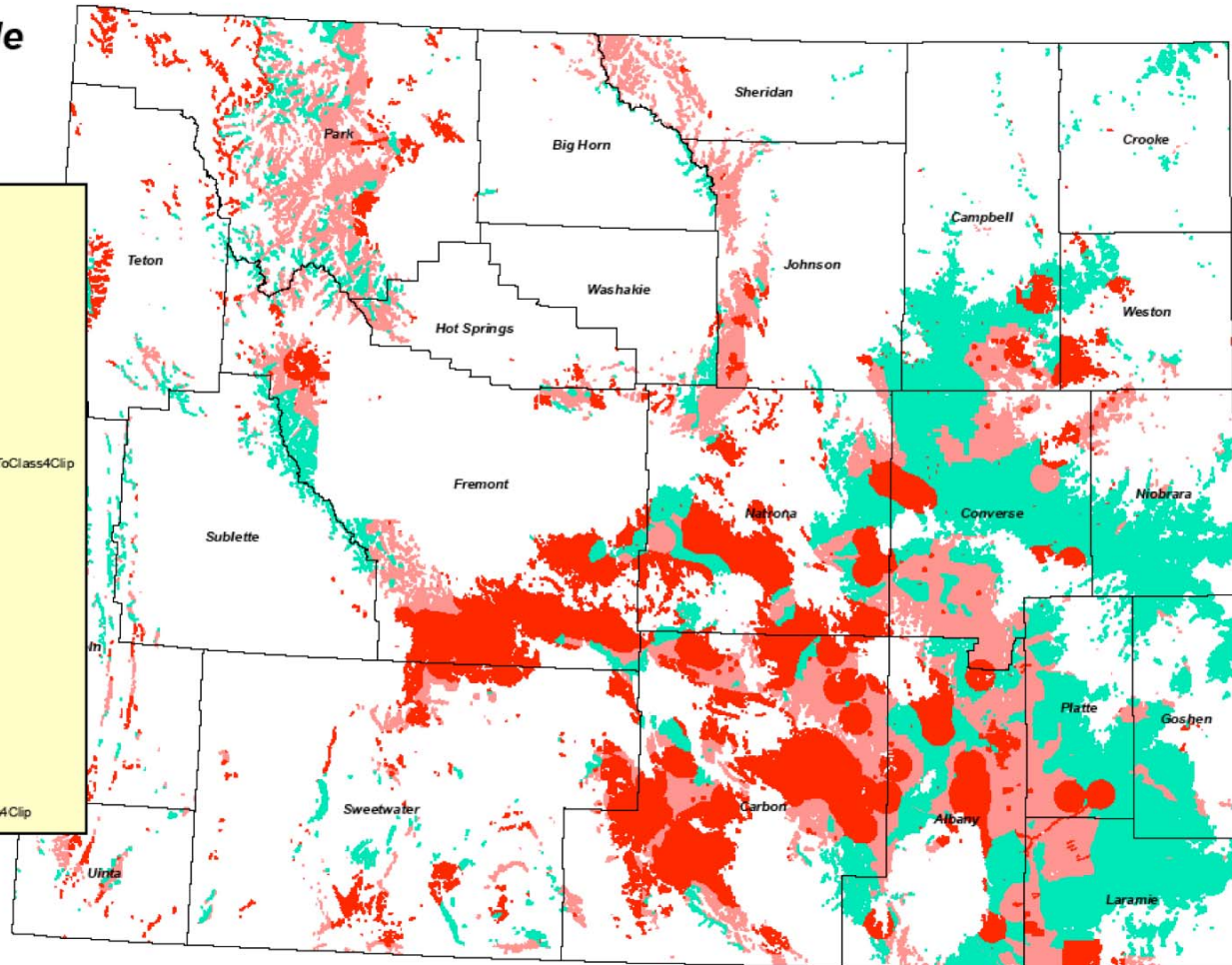
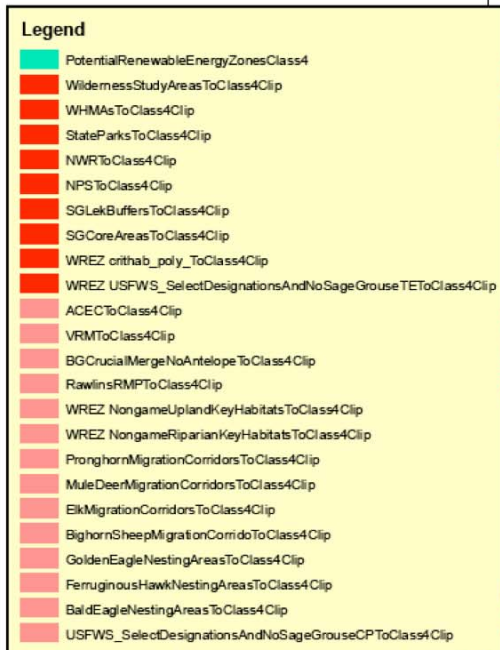
..but...





Environmental Challenges

Class 4+ Winds Potential Renewable Energy Zones in Wyoming





Greater Sage-grouse

- Endangered Species listing, February 2010
- No published research on specific impacts of wind energy on sage grouse
- Sage Grouse Core Areas
- Learning from oil/gas sage grouse research
- Wind Industry/State wildlife collaborative research to understand the impacts



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Transmission



Suddenly, knowing a lot about the U.S. power grid became sexy at cocktail parties.



Transmission

- Existing transmission – fully subscribed, congested, significant flow gates
- Merchant transmission - open seasons not yet proven effective...chicken and egg
- Investor-owned utilities – lines congested, regulated monopoly
 - Lack of incentives for Power Purchase Agreements (PPAs) with Independent Power Producers (IPPs)
 - Immediate access to transmission at the option of the utility
- Western Area Power Administration – \$3.25B in Federal borrowing authority to upgrade/build lines for renewables



2009 Legislative Session

Proposed legislation:

- **Electricity Production Tax**
- **Wind Turbine Royalty Fee**
- **Wind Energy Act**
- **Decommissioning of Wind**
- **Wind Energy Royalty**
- **Wind Energy**

- **WPPC's position: support creation of the Wind Task Force**



Legislative & Regulatory Environment

- Sales Tax exemption removed in 2010
- Time to consider state policies (2 – 4 years)
- Finding the right balance: wind tax revenues to support Wyoming's fiscal needs while maintaining regional business competitiveness



State Tax Exemptions

- **Montana – YES – Taxable value reduced by 50% for five years; exemption reduced each year thereafter until there is no reduction in 10th year.**
- **Kansas – YES – 100 % Sales Tax on equipment.**
- **Colorado – YES – Aggressive state RPS favoring both CO Wind and Solar. 100% Sales Tax Exemption.**
- **Oklahoma – YES – Sizeable and transferable tax credit given for first ten years of a project varying from \$.0025 / kWh - \$.005/kWh .**
- **Idaho – YES – 100% Property tax exemption, but usage tax of 3% of gross energy earnings.**
- **Utah – YES – 100 % Sales tax on equipment**
- **South Dakota – YES – 100% exemption on real and personal wind farm property. Facilities pay alternative annual taxes of \$3/kW of capacity and 2% of the gross receipts of the wind farm. Partial rebate available for cost of transmission line and collector system equipment that is located in South Dakota and serves an eligible facility**
- **Wyoming – NO – Just repealed the sales tax exemption**

source:



Wind policy considerations

- Some states actively promoting/assisting wind power development
- Some states creating economic/regulatory/legislative uncertainty
- What is the right kind of tax? Production tax? Payment In Lieu Of Taxes (PILOT, not PILT)
- Learning from Wyoming coal: good policies led to billions in revenue compared to MT



Public and Local Government Perceptions

- Landowners leasing their land vs.....landowners opposed
- Some counties seeking high tax levels, others promoting more competitiveness
- Private property rights
- NIMBY issues



BLM and State Lands

- BLM applications for Site Testing and Monitoring (MET towers) taking 6 months to a year
- Permitting schedule uncertainty
- State Lands – procedures for leasing state lands
 - Withdrawal of sage-grouse core areas



Shared interests

- Fair, uncomplicated taxation
- Paired wind/gas energy production
- Remote energy source for oil/gas
- Economic diversification
- Building a better Wyoming together



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