



# Presentation

to the

## Nebraska Wind Conference

by

## TradeWind Energy

October 22, 2012



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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

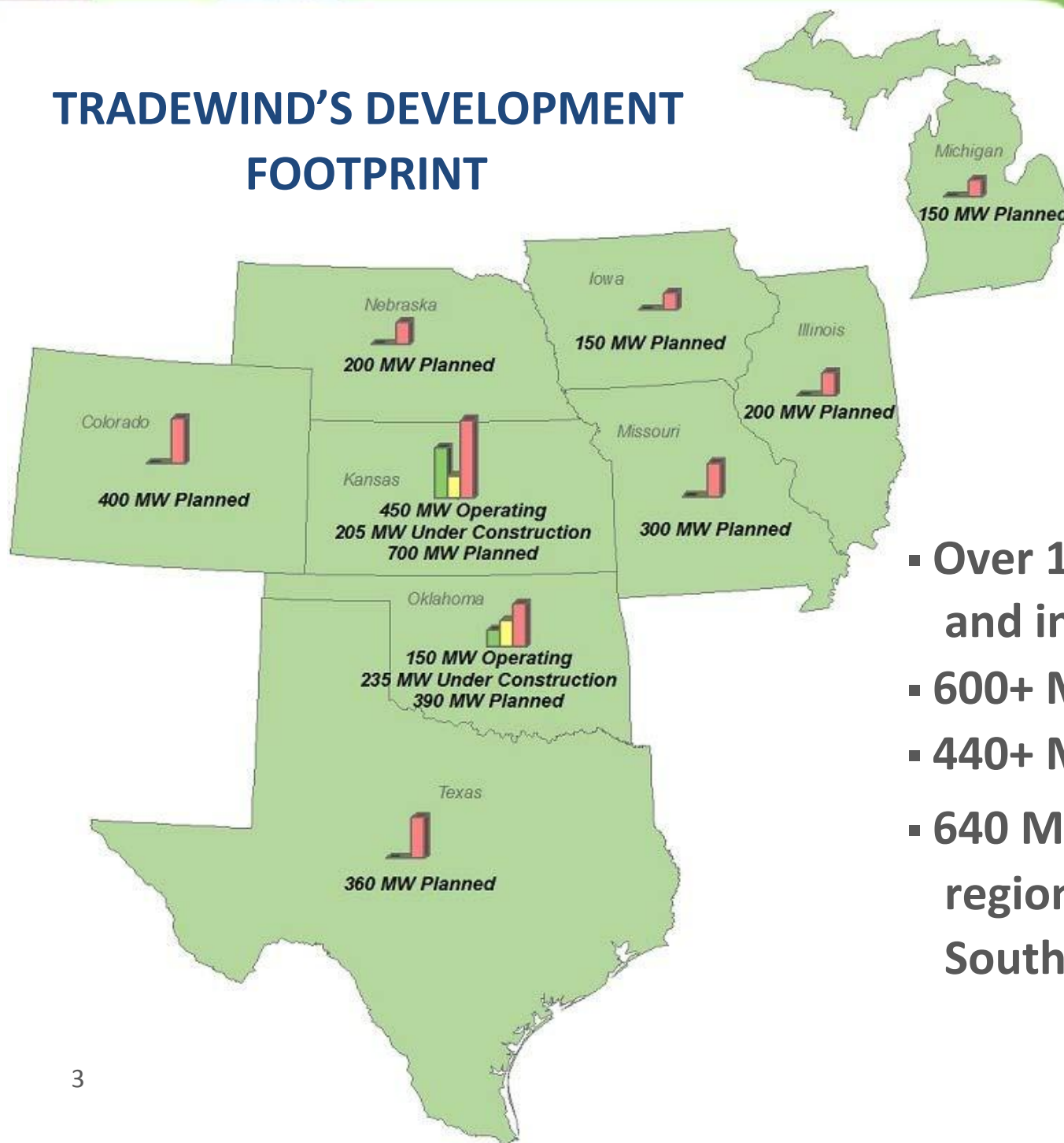


*Award-Winning Smoky Hills Wind Project, Kansas*

# Introducing TradeWind Energy

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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

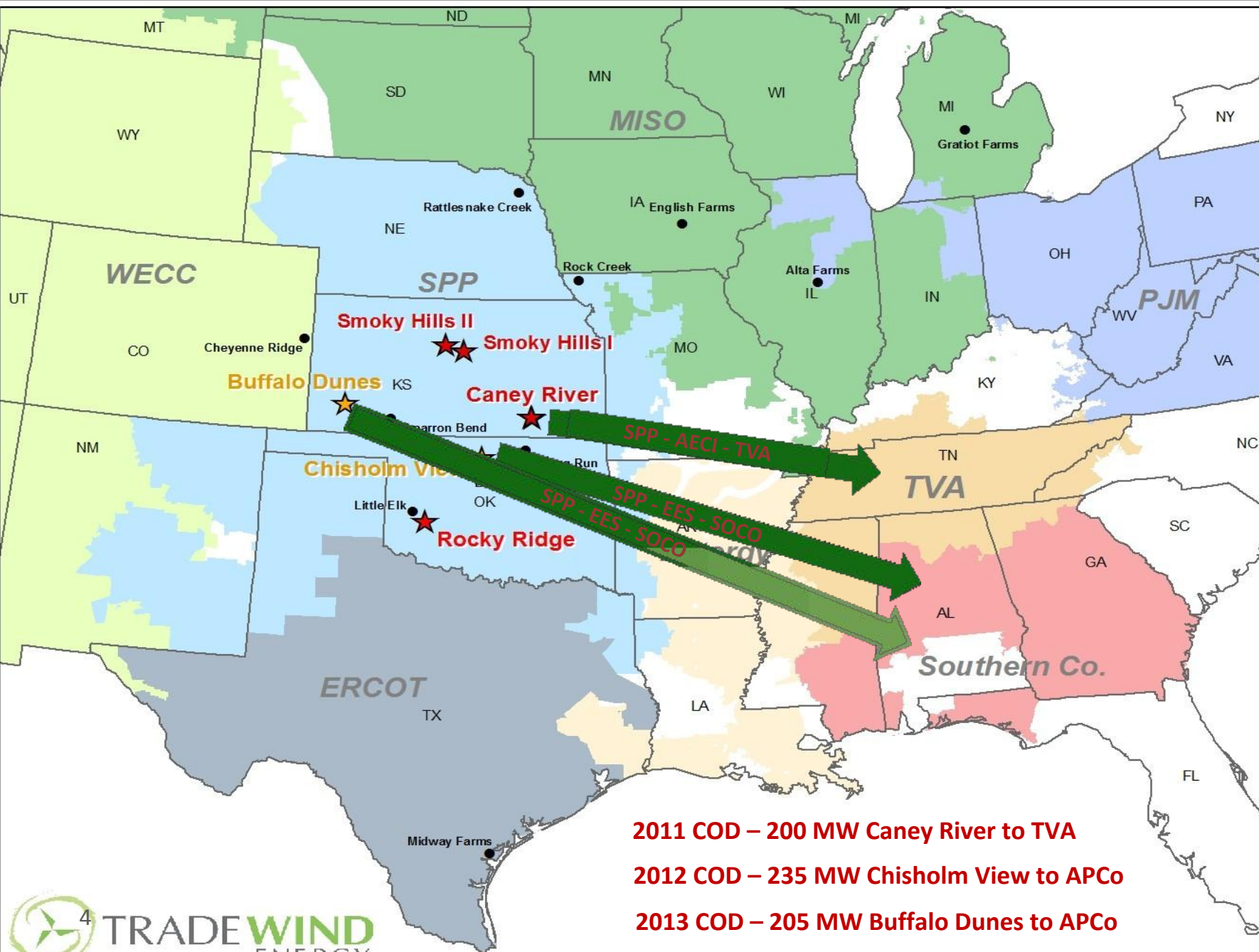
### RTO Regions

- ERCOT
- MISO
- PJM
- SPP
- WECC

### Control Areas

- Entergy
- Southern Co.
- TVA

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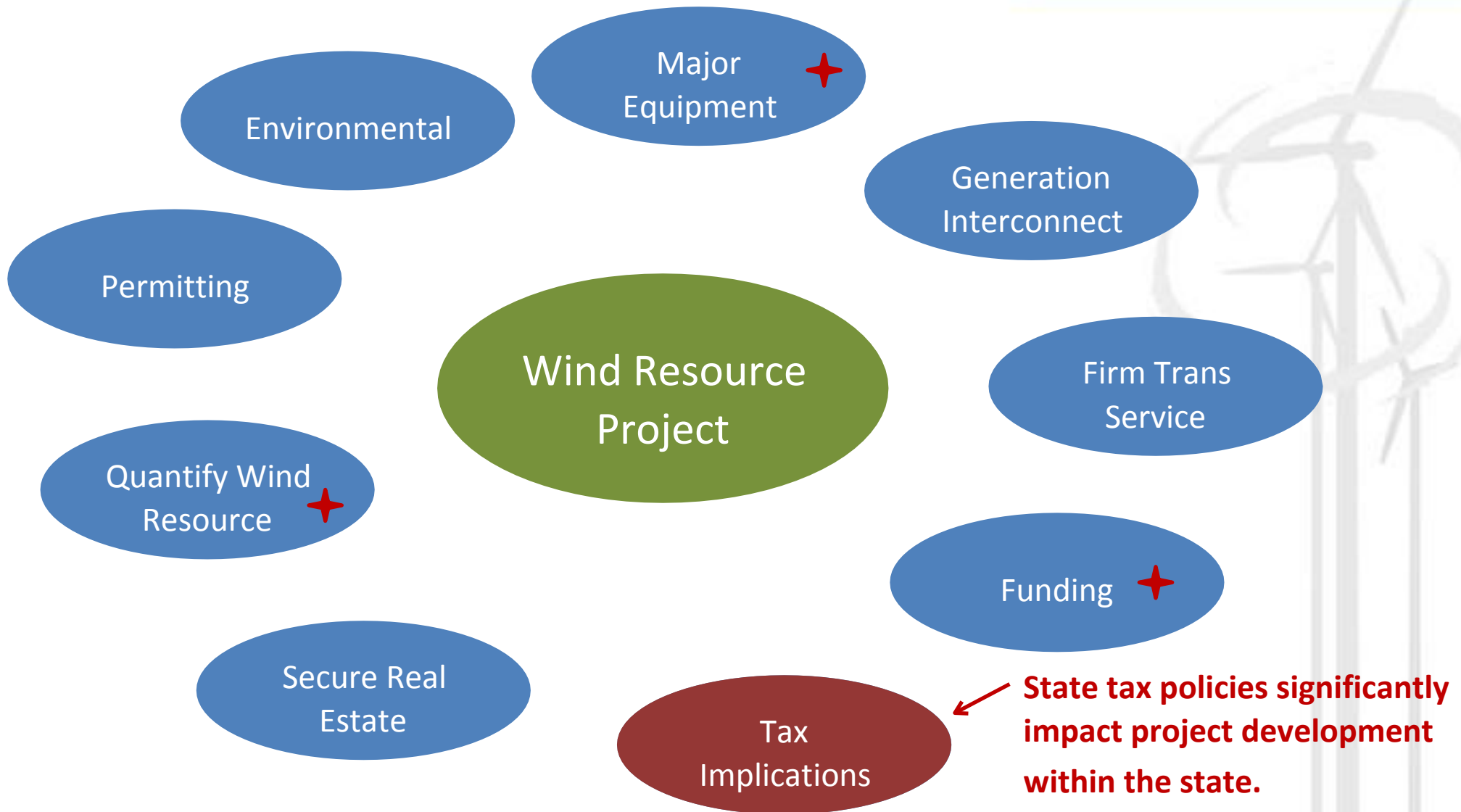
2011 COD – 200 MW Caney River to TVA

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)

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

### ▪ Oklahoma

- No Sales & Use Tax
- 5-year property tax exemption
- \$5 per MWh state production tax credit

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>





# Nebraska's Lost Opportunity

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## 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*