

The Wind Business Trends and Challenges

Teran Smith
Horizon Wind Energy
teran.smith@horizonwind.com

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Who We Are

- **Horizon Wind Energy develops, constructs, owns and operates wind farms throughout the U.S.**
- **Originally Zilkha Renewable Energy. Acquired by Goldman Sachs in 2005 and renamed Horizon Wind Energy. Acquired by Energias de Portugal (EDP) in 2007.**
- **Headquartered in Houston with regional offices in New York, Oregon, California, Oklahoma, Colorado, Minnesota and Illinois**
- **Over 200 employees**
- **Have developed more than 2000 MW of operating wind farms, and own over 1300MW**

What We've Done



Maple Ridge Wind Farm
322 MW, Lewis County NY



Top of Iowa Wind Farm
80 MW, Worth County Iowa



Blue Canyon Wind Farm
225 MW, near Lawton OK



Tierras Morenas
24 MW, Costa Rica



Elkhorn Valley
100 MW, Union County WA



Prairie Star
100 MW, Mower County MN



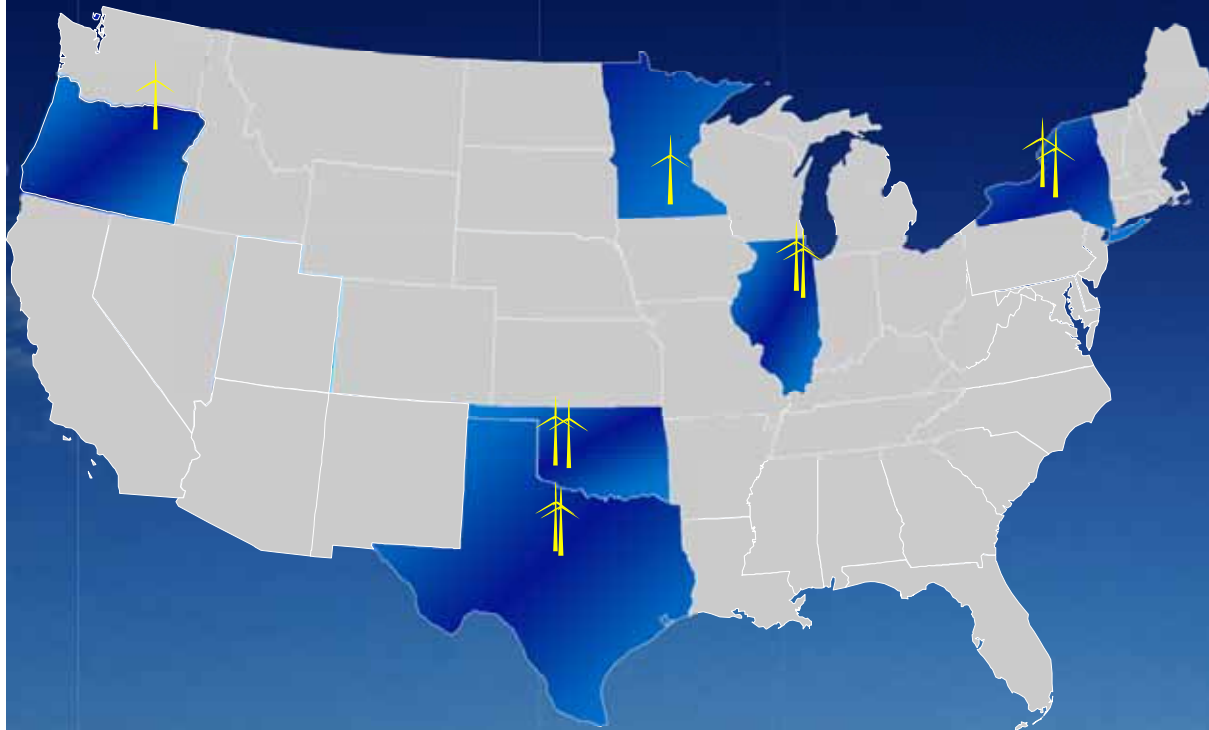
Lone Star
400 MW, Shackelford
County TX



Twin Groves
396 MW, McLean County IL

Where We Are Now

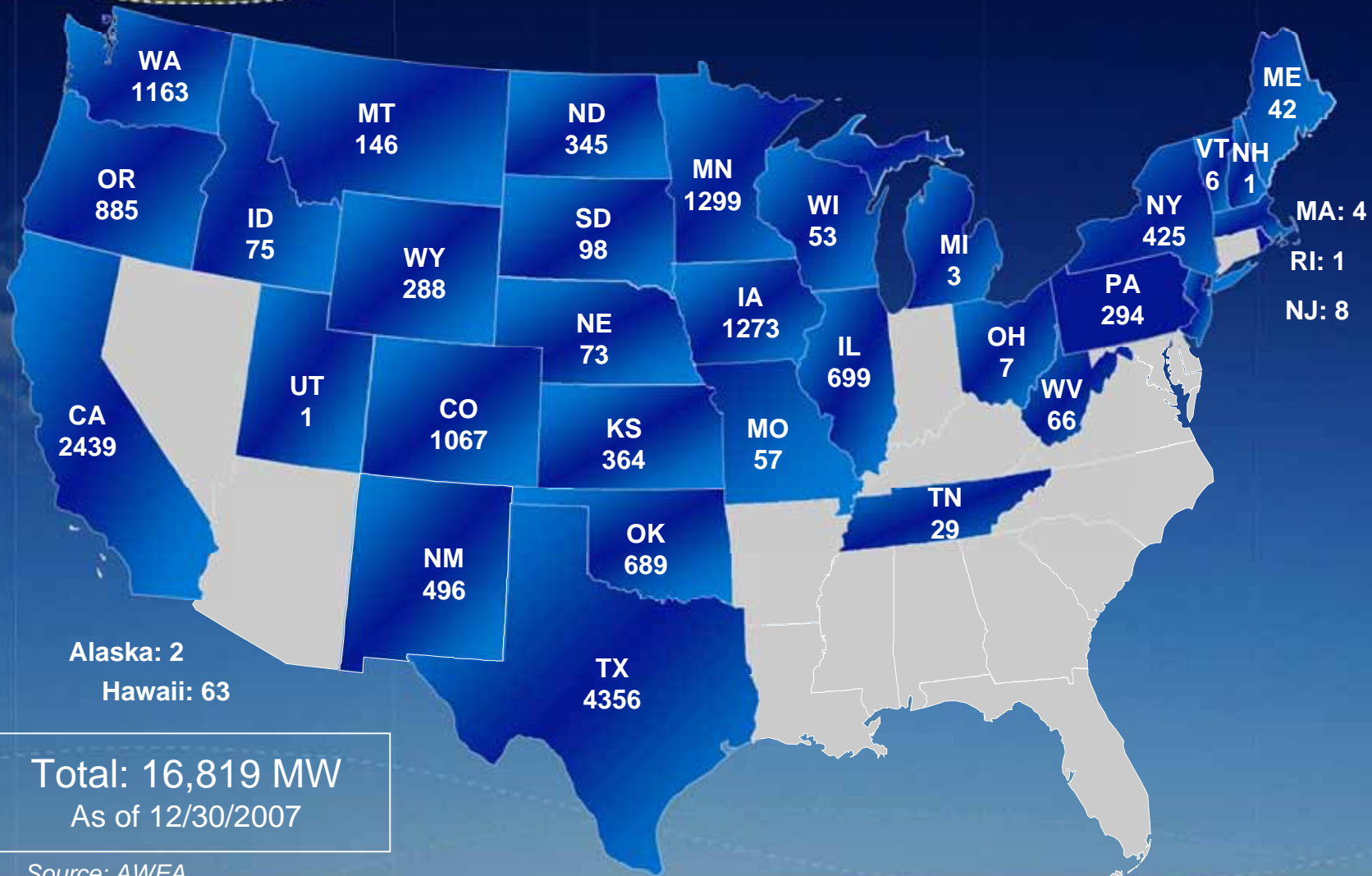
Owned Projects



Developed Projects

Name	State	Year	MW
Tierras Morenas	Costa Rica	1999	24
Top of Iowa	IA	2001	80
Mill Run	PA	2001	15
Somerset	PA	2001	9
Meyersdale	PA	2003	30
Blue Canyon I	OK	2003	74
Blue Canyon II	OK	2005	151
Maple Ridge I	NY	2006	231
Maple Ridge II	NY	2006	91
High Prairie I	MN	2006	99
Wild Horse	WA	2006	229
Lone Star I	TX	2007	200
Twin Groves I	IL	2007	198
Lone Star II	TX	2007	200
Elkhorn Valley	OR	2007	101
High Prairie II	MN	2007	101
Twin Groves II	IL	2007	198

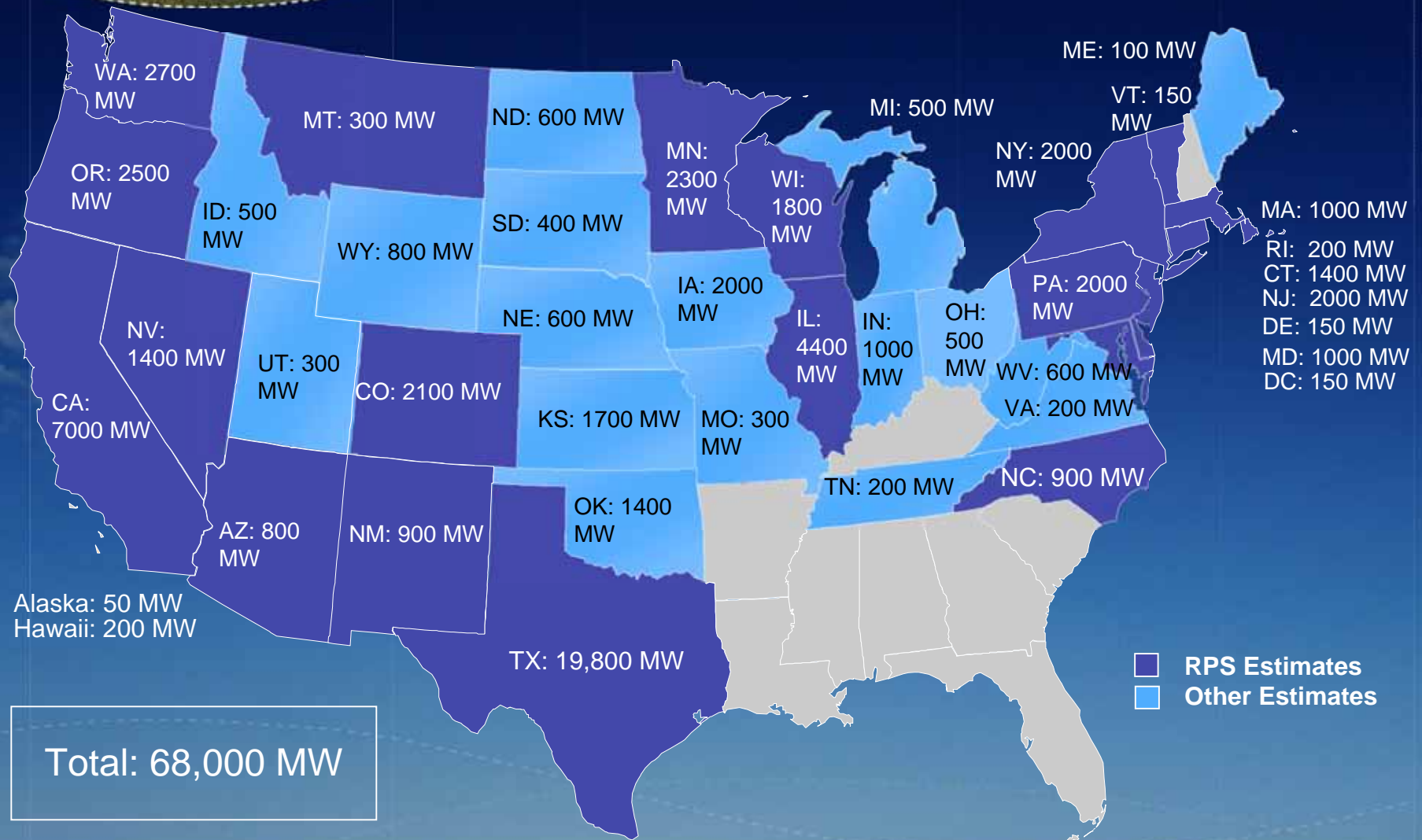
Wind in America Today



Total: 16,819 MW
As of 12/30/2007

Source: AWEA

Anticipated Wind Energy Demand by 2015



Why wind? What drives demand?

Environmental

- Global warming concerns
- Anticipated carbon regulation
- No emissions to the air
- No water consumption
- State Renewable Portfolio Standards (RPS)

Energy Security

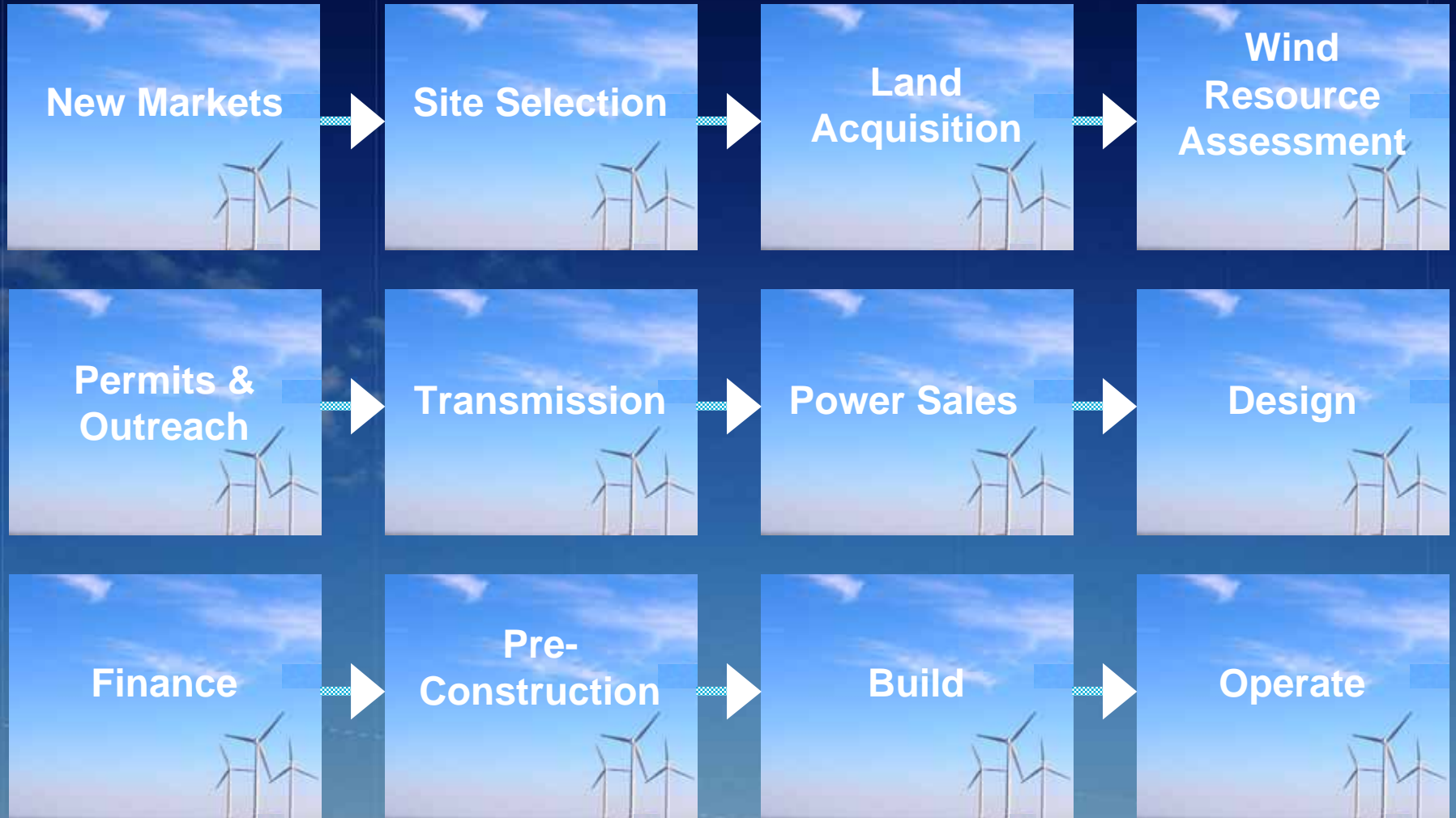
- Decreased dependence on foreign energy sources

Economics

- No fuel price volatility
- Rural economic development
- Lowers exposure to cost of carbon or other pollutants

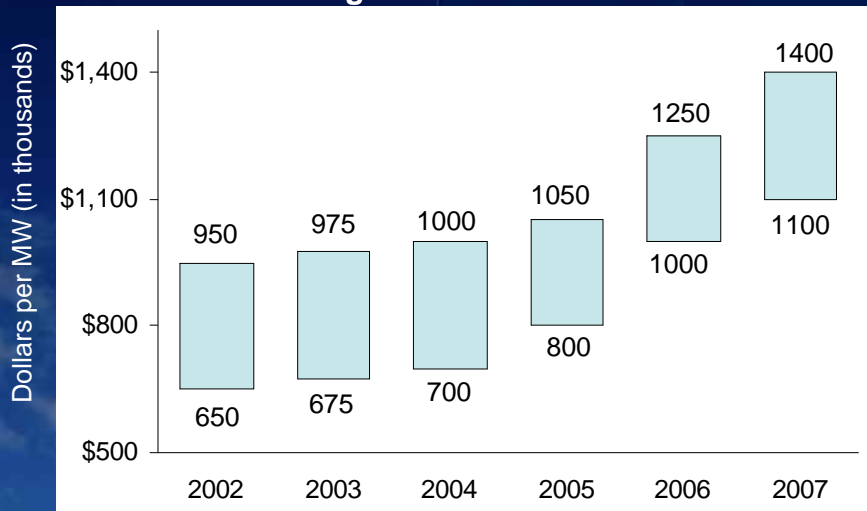


Steps to develop a windfarm

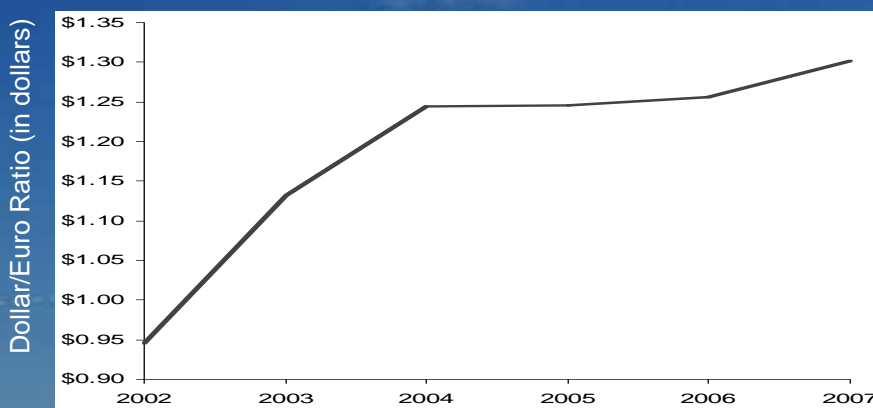


Turbine Price Variability

Average Turbine Prices



Dollar/Euro Ratio



Note: Prices are estimations, excluding installation costs.

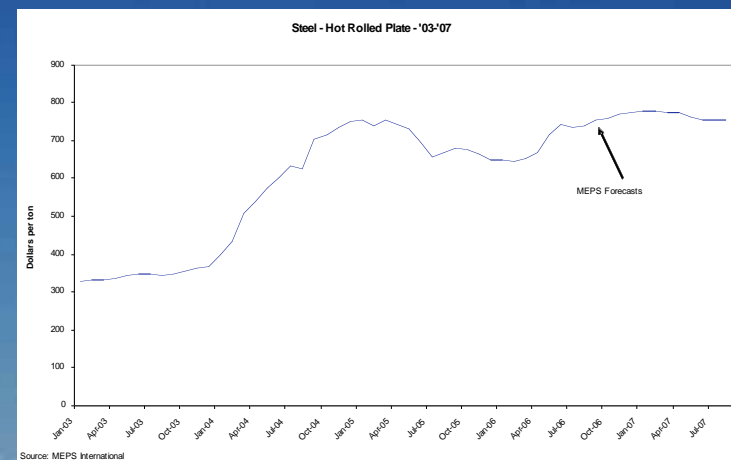
Current Market: Developers are locking in turbine prices for 2008 and 2009

Primary Reasons for Recent Increases:

- Rising Euro
- Higher Commodity Prices (e.g. steel)
- Supply Squeeze

Possible Future Adjustments:

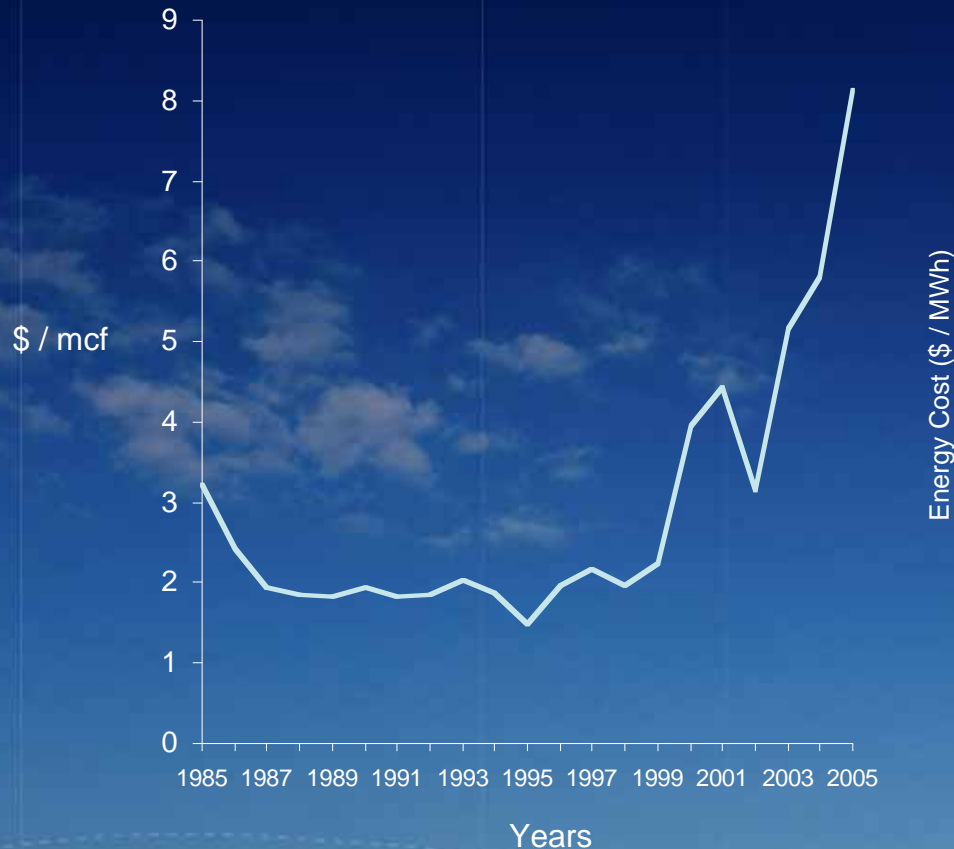
- Manufacturing to Asia?
- Lower commodity price?
- Less exchange rate volatility?



Energy Costs

With volatile fossil fuel prices, wind's steady costs make it an attractive power option

Natural Gas Prices



Source: EIA

Comparative Electricity Costs

Technology	Energy Cost (\$/MWh)	Portion of U.S. Supply
Coal	\$25 - \$45	50%
Natural Gas	\$50 - \$55	18%
Nuclear	\$20 - \$40	20%
Oil	\$100	3%
Hydro	\$20 - \$40	7%
Wind	\$40 - \$70	0.36%
Solar	\$200 - \$500	0.01%
Biomass	\$40 - \$80	1.50%
Geothermal	\$50 - \$80	0.37%
Fuel Cells	\$100 - \$200	>0.01%
Wave/Tidal	\$100	>0.01%

Other Moving Parts

- **Revenue**
 - Price
 - Wind energy output
- **Expense/Cost**
 - Capital
 - Schedule
 - Transmission
- **Regulatory**
 - Production Tax Credit
 - REC market
 - Possible carbon dioxide legislation and other change
- **Legal**
 - Change of law
 - Emerging case law for wind
- **Technical improvements or flaws**





Upper Midwest Wind Picture

- **Land:** Compatible with wind in many parts of the region
- **Wind Resource:** Excellent in some parts of the upper midwest (though often remote), good to fair in many places
- **Transmission:** Insufficient to bring many good wind projects to load today, and increasingly so in the future
- **Market:** Strong RPS support in region; merchant option through the MISO