OVERVIEW OF PROJECT FINANCING & ITS IMPACT ON WIND SYSTEM DESIGN

Rajan Arora
Renewable Energy Systems Americas Inc.

DISCLAIMER

This document (“Report”) has been prepared by Renewable Energy Systems Americas Inc. (“RES”). RES shall not be deemed to make any representation regarding the accuracy, completeness, methodology, reliability or current status of any material contained in this Report, nor does RES assume any liability with respect to any matter or information referred to or contained in the Report. Any person relying on the Report (“Recipient”) does so at their own risk. Neither the Recipient nor any party to whom the Recipient provides the Report or any matter or information derived from it, shall have any right or claim against RES or any of its affiliated companies in respect thereof. Recipient shall treat all information in the Report as confidential.

AGENDA

RES AMERICAS powering change®

RES Americas Background

Project Finance Overview

Project Finance Risk Overview

RES Americas

- More than 5,700 MW of renewable energy constructed and developed in North America
- Active in the US since 1997
- Corporate HQ near Denver, CO
- Regional offices:
  - Austin, TX
  - Minneapolis, MN
  - Montréal, QC
- ~250 employees
- Privately held
- Part of the RES Group of companies, an established leader in the global renewable energy industry

ABOUT RES AMERICAS > WIND MWs CONSTRUCTED

CONSTRUCTED	UNDER CONSTRUCTION
5274 MW	431 MW

Washington
- Nine Canyon I, Benton County
- Nine Canyon II, Benton County
- Nine Canyon III, Benton County
- Hopkins Ridge I, Columbia County
- Hopkins Ridge II, Columbia County
- Marengo I, Columbia County
- Marengo II, Columbia County
- Wild Horse, Kittitas County
- White Creek, Klickitat County
- Harvest Wind, Klickitat County
- Wild Horse II, Kittitas County
- Lower Snake River, Garfield County

Nebraska
- Ainsworth, Brown County
- Flat Water, Richardson/Nemaha Co.

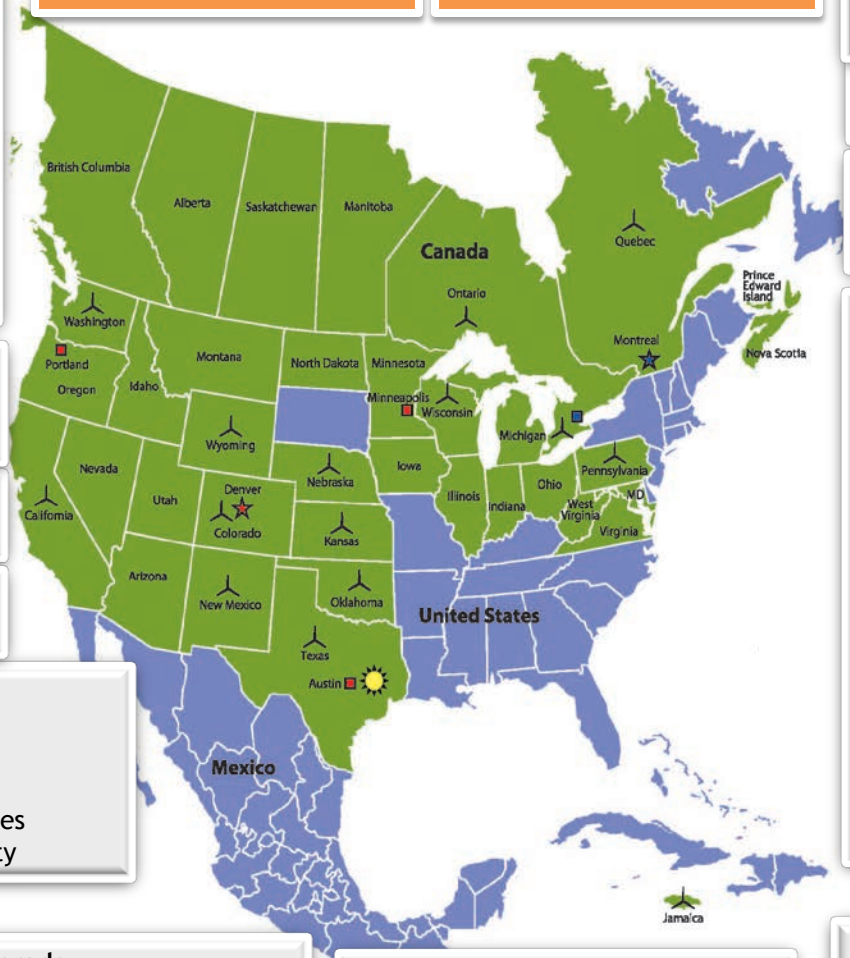
Kansas
- Central Plains, Wichita County

Wisconsin
- Butler Ridge, Dodge County

Wyoming
- Mountain Wind I, Uinta County
- Mountain Wind II, Uinta County
- High Plains, Carbon & Albany Counties
- McFadden Ridge I—Carbon & Albany Counties
- Dunlap Wind Energy Project—Carbon County

California
- Cameron Ridge, Kern County
- Pacific Crest, Kern County
- Hatchet Ridge

Colorado
- NREL, Boulder County
- Cedar Point



New Mexico
- Llano Estacado, Curry County

Canada
- SNEEC, Quebec
- Talbot, Ontario
- Greenwich, Ontatio

Jamaica
- Wigton

Pennsylvania
- Armenia Mountain, Tioga & Bradford Counties

Texas
- Woodward Mountain, Pecos County
- King Mountain, Upton County
- Sweetwater II, Nolan County
- Sweetwater IV, Nolan County
- Sweetwater V, Nolan County
- Whirlwind, Floyd County
- Lone Star, Shackelford & Callahan Counties
- Hackberry, Shackelford County
- South Trent Mesa, Nolan & Taylor Counties
- Buffalo Gap III, Nolan & Taylor Counties
- Bull Creek, Nolan County
- Gulf Wind, Kenedy County
- Harbor Wind Project

Oklahoma
- Crossroads, Dewey County
- Blue Canyon VI, Caddo County

ABOUT RES AMERICAS > RECENT WIND EXPERIENCE

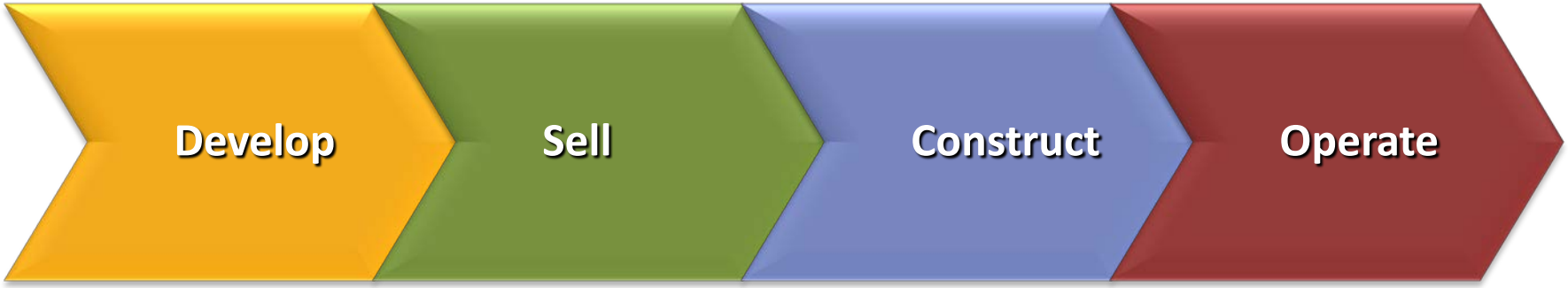
Cedar Point
- 252 MW
- Limon, CO
- $500M total project value

Crossroads
- 227 MW
- Seiling, OK
- $450M total project value

Greenwich
- 99 MW
- Dorion, ON
- $273M total project value

Lower Snake River
- 343 MW
- Pomerey, WA
- $830M total project value

ABOUT RES AMERICAS > RES AMERICAS' BUSINESS MODEL



- Site & market selection
- Land lease & acquisition
- Wind resource assessment
- Layout design/optimization
- Community relations
- Permitting & approvals
- Transmission/interconnection

- EPC or BOP
- Construction management
- Equipment procurement
- Design layout
- Substation & transmission
- Infrastructure development
- Controls and planning
- Safety

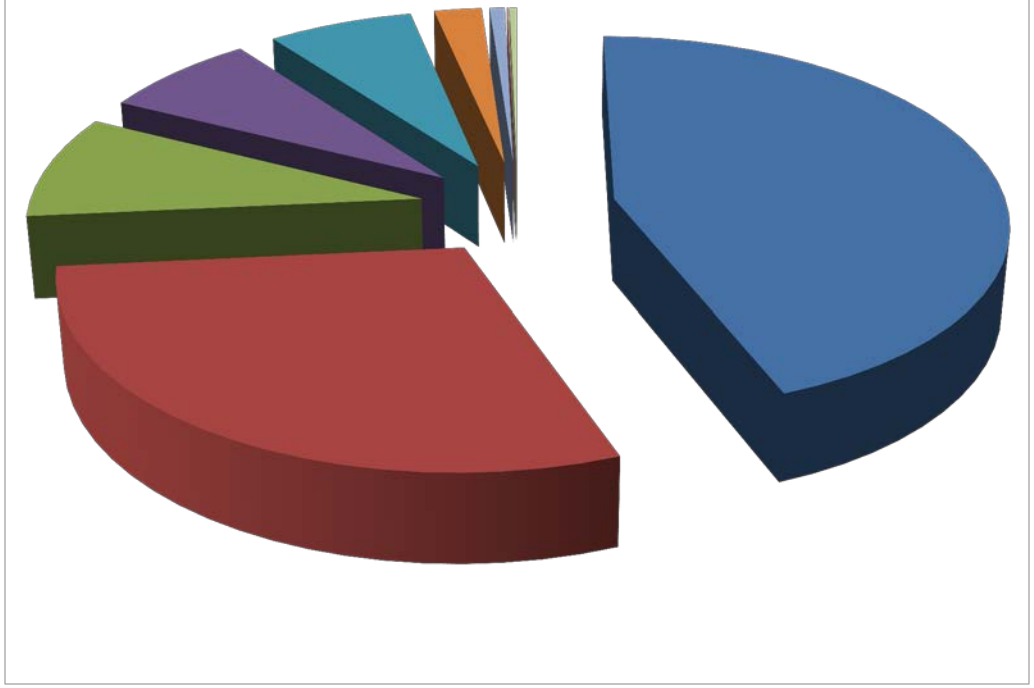
- Project financing
- Tax monetization
- Preventive maintenance
- Availability monitoring
- Data collection & analysis
- Equipment optimization
- Asset management
- Financial reporting

An Engineering-Based Culture

- Large in-house engineering / technical team
- Well-designed, high quality, economic projects
- RES consistently delivers results that are on time and on budget
- Construction projects have few to no change orders
- Repeat business – long term view

RES Americas works with a broad range of turbine suppliers, including not only the major manufacturers but also newcomers to the market.

# of MW's



SIEMENS

Gamesa

Vestas

MITSUBISHI

SUZLON
POWERING A GREENER TOMORROW

NORDEX
We've got the power.

REpower Systems

RES Americas Background

Project Finance Overview

Project Finance Risk Overview

Asset-Based Debt Financing Method

Lending to a single purpose entity for the construction of a revenue generating asset with limited or no recourse to the parent company that develops or "sponsors" the project.

Repayment of the loan is solely from the revenues generated from the operation of the asset owned by the entity.

Security for the loan:

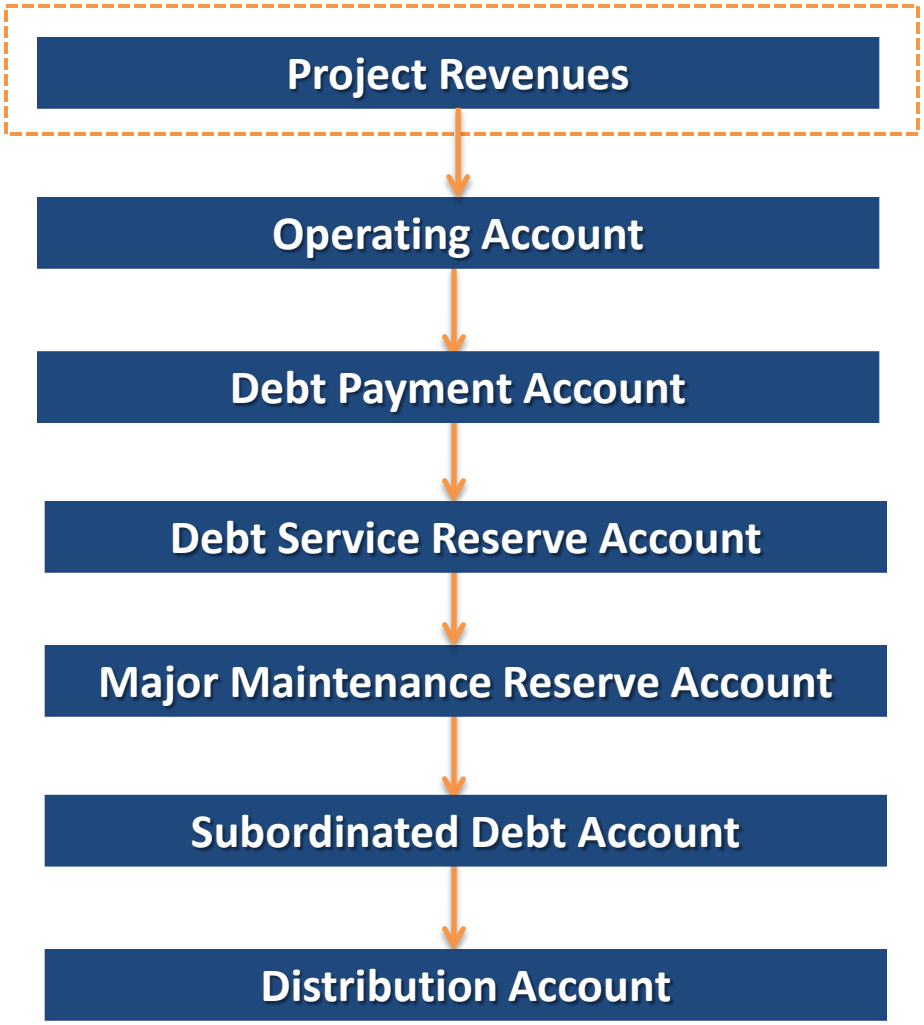
- Assignment of all project cash flow
- Pledge of all shares and interest in the entity
- Liens on property
- All contracts, permits
- All other instruments necessary for continuing project operations

Project finance has emerged as a leading way to finance large infrastructure projects that might otherwise be too speculative and expensive to be financed by a corporation via its balance sheet

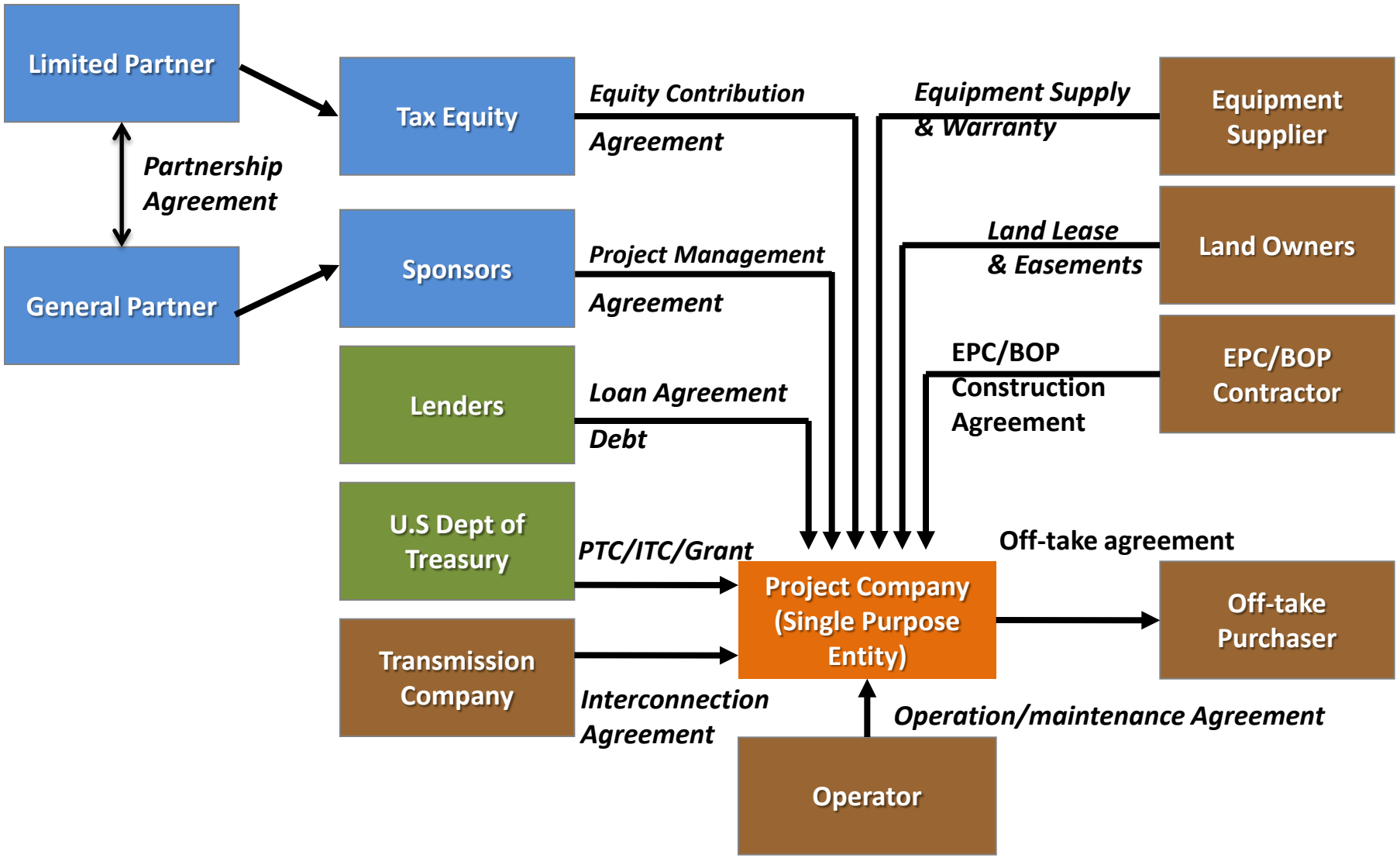
PROJECT FINANCE OVERVIEW> KEY CHARACTERISTICS

- Debt is non-recourse
- Project has predictable cash flow with revenues contracted for long term
- Project has a defined asset life which is adequate to repay the debt
- Project risks are allocated to the parties that can best manage them
- Lenders have a seniority position over other parties

PROJECT FINANCE OVERVIEW> WATERFALL



PROJECT FINANCE OVERVIEW> STRUCTURE

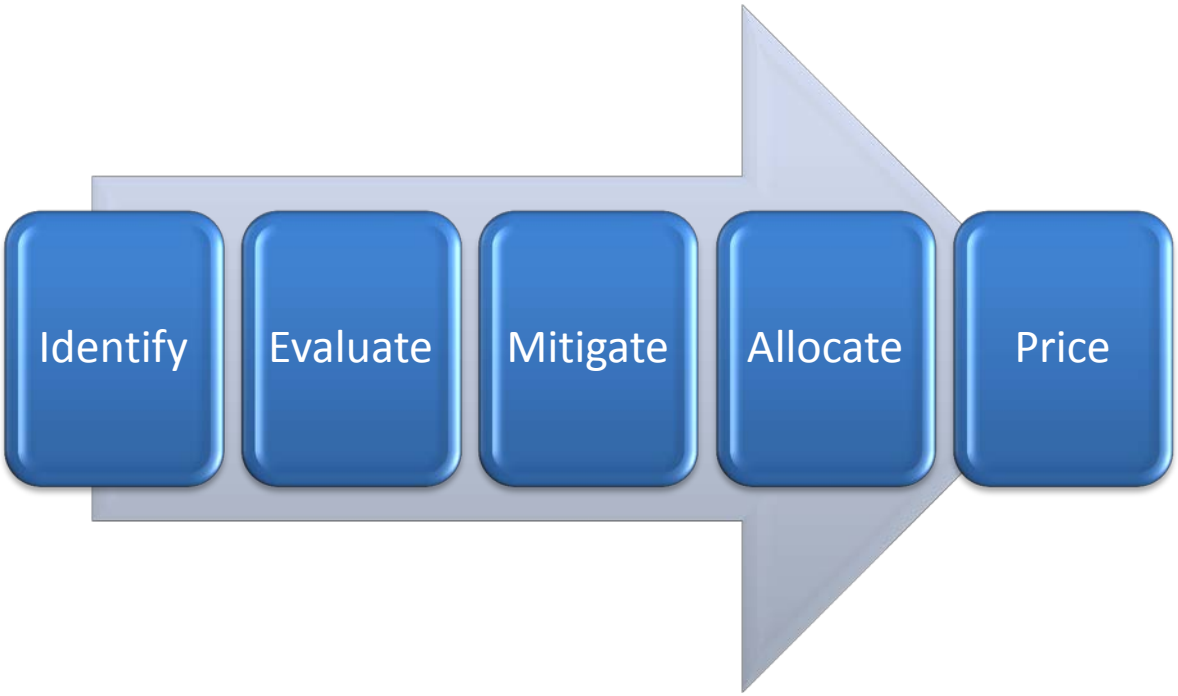


RES Americas Background

Project Finance Overview

Project Finance Risk Overview

THEORY OF RISK ALLOCATION



PRESERVE PROJECT CASH FLOW

Risk is allocated to the party that can bear and manage that risk

PROJECT FINANCE RISKS > VARIOUS RISKS

PROJECT FINANCE RISK > TECHNOLOGY RISK

Banks will not take unquantifiable risks. Unless the technology has been used successfully in a number of projects, it presents such a risk.

MANUFACTURER	▪Credit strength and track record of the manufacturer ▪Intellectual property issues
TURBINE	▪New or established? ▪Deployment history ▪Key known issues ▪WTG suitability – site specific IEC certification by third party ▪Coverage for serial defects
PERFORMANCE WARRANTY	▪Term of warranty ▪Availability vs power curve ▪Spare parts availability ▪Lost revenue/PTC

The construction contractor or vendor may be willing to guarantee the technology.
Liquidated damages must cover the full construction cost through mechanical completion.

PROJECT FINANCE RISK > TECHNOLOGY RISK MITIGATION

- **New technology accepted more readily when backed by strong OEM**

  Performance Guarantee
  - Mechanical Availability
  - Guaranteed Output
  - Power Curve Warranty
  - Parent Guarantee

- **Other ways to mitigate technology risk**

  Demonstration Facilities
  Third-Party Credit Support
  Engineering Due-Diligence
  Insurance Products

WELL-DEVELOPED PROJECT = "FINANCEABLE"