
Putting the Customer First: Creating New Renewable Generation



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Renewables

- > Renewables leaders are searching for supply solutions beyond buying RECs
- > Renewable electricity options for large end-users are economic and becoming more accessible
- > You're not as captive to utilities as you might think, even in "closed" electricity markets
- > Going "long" renewables can provide attractive economic and other benefits
- > Doing more doesn't have to distract your core business or require that you create an organization to manage supply

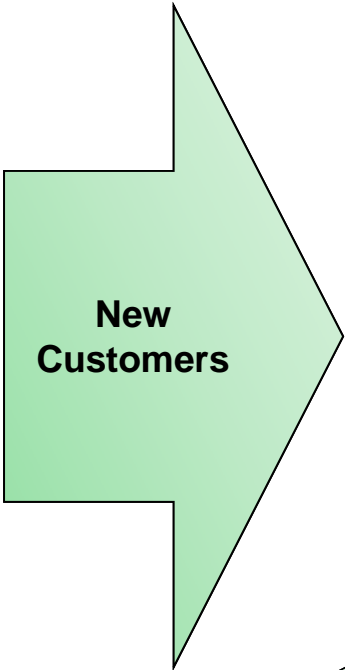
Our Vision:

Fundamentally change how value from renewable energy is created and captured by **giving control** of utility-scale green power generation **to large end-users**.

Our Business:

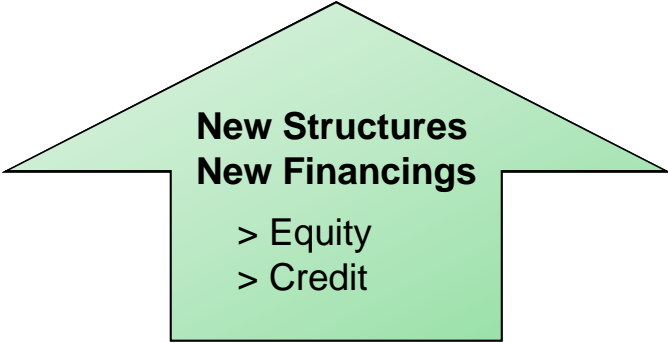
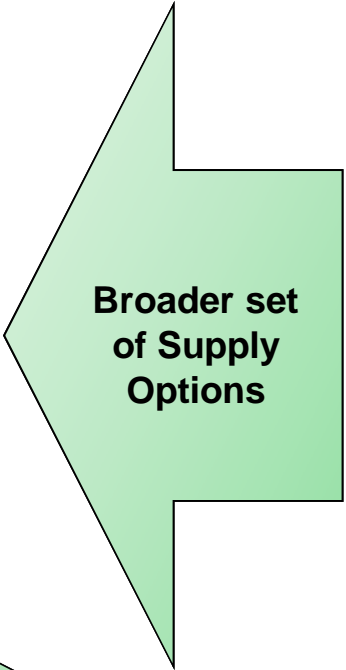
Delivering the benefits of **competitively and predictably priced green electricity** directly to customers without the challenges of owning and operating their own renewable energy assets.

- 
- We enable large end-use customers **to participate directly** in green power projects
 - We help our customers be “green” in a **financially sound**, competitive, and smart way
 - Our **focus starts with end-user needs** and goals, not utility PPAs
 - We draw on a full range of market options to provide **company-wide custom solutions**
 - Renewable technologies
 - Development sites
 - Financial structures
 - O&M partners
 - Power marketing arrangements



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**Growing
Renewables
Market**



RECs → PPAs → Direct Investment

Carnegie Mellon

- > Largest U.S. wind REC purchase (2001)
- > 5% of campus MWh

KOHL'S

- > Hosting rooftop solar at 63 CA stores (30 MW)
- > 20-year PPAs for power
- > Largest U.S. solar power purchase (2007)



- > Largest retailer REC purchase (2005)
- > 100% of company-wide MWh needs



- > 4-year wind PPA for 350 TX stores (2009)
- > 15% of MWh needs



- > 10 MW wind farm at TX refinery (2009)
- > Extra power sold to local utility



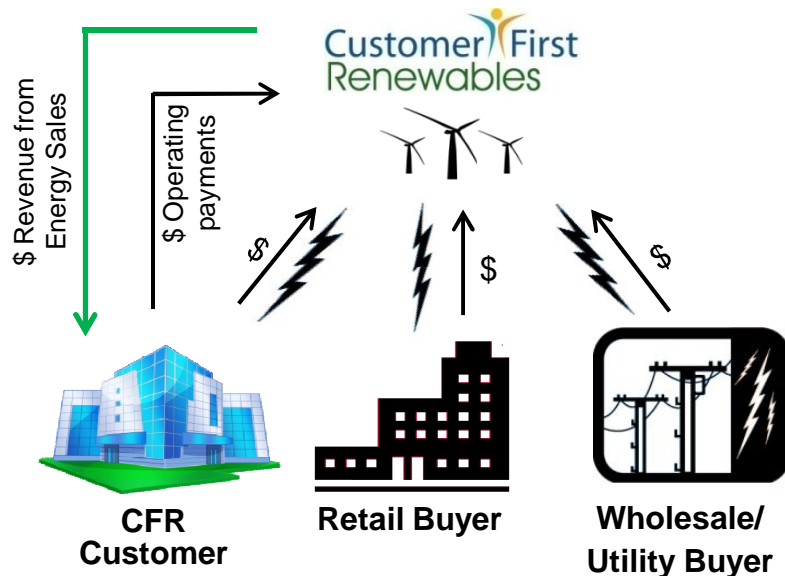
- > Bought 10 European wind farms (93MW)
- > 10% of MWh needs
- > Power sold to grid
- > Largest retailer wind portfolio (2010)



- > Tax equity investment in ND wind farm (2010)
- > \$5 billion for offshore wind transmission



- > \$16 million Pocono Raceway solar project
- > 3MW facility largest in pro sports (2010)



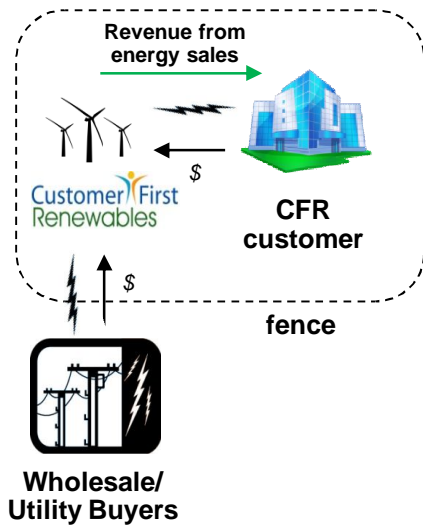
***Shifts renewable
energy from a cost to an
economic benefit***

With CFR, large electricity users...

- > **Produce** green electricity and RECs at predictable cost over the next 20 years from renewable assets sized and located to meet their needs
- > **Profit** by using their own power generation to offset current purchases and/or sell the output in the wholesale/retail market
- > **Hedge** future electricity costs, since income generated by their CFR kWh sales increases as power prices rise
- > **Mitigate** future cost, operational and technological risks by pooling their capacity with additional CFR projects or partners
- > **Benefit** from the marketing value of being “green”

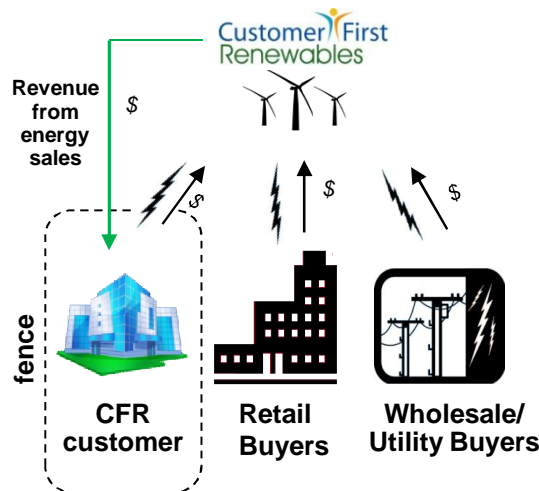
WIND POWER ILLUSTRATIONS

Inside the Fence



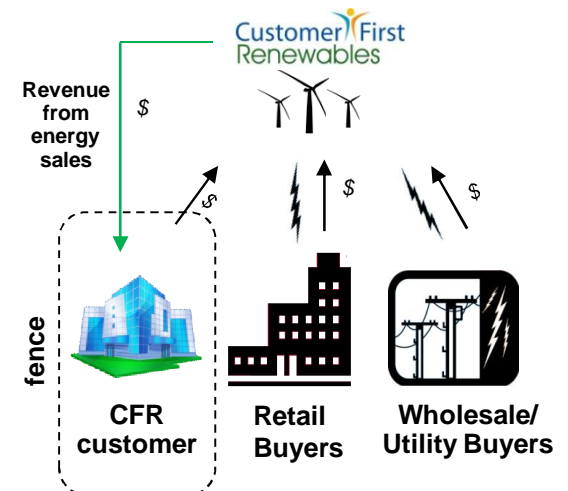
- Turbines on customer site
- On site kWh use by customer
- Offsets utility power needed
- Excess kWh sold to utility
- Bill savings shared with CFR
- Customer accrues REC/CO2 credits

Near the Fence



- Turbines near customer site
- Some kWh used by customer
- Offsets utility power needed
- Excess kWh sold to others
- Bill savings shared with CFR
- Customer earns kWh sales revenue
- Customer accrues REC/CO2 credits

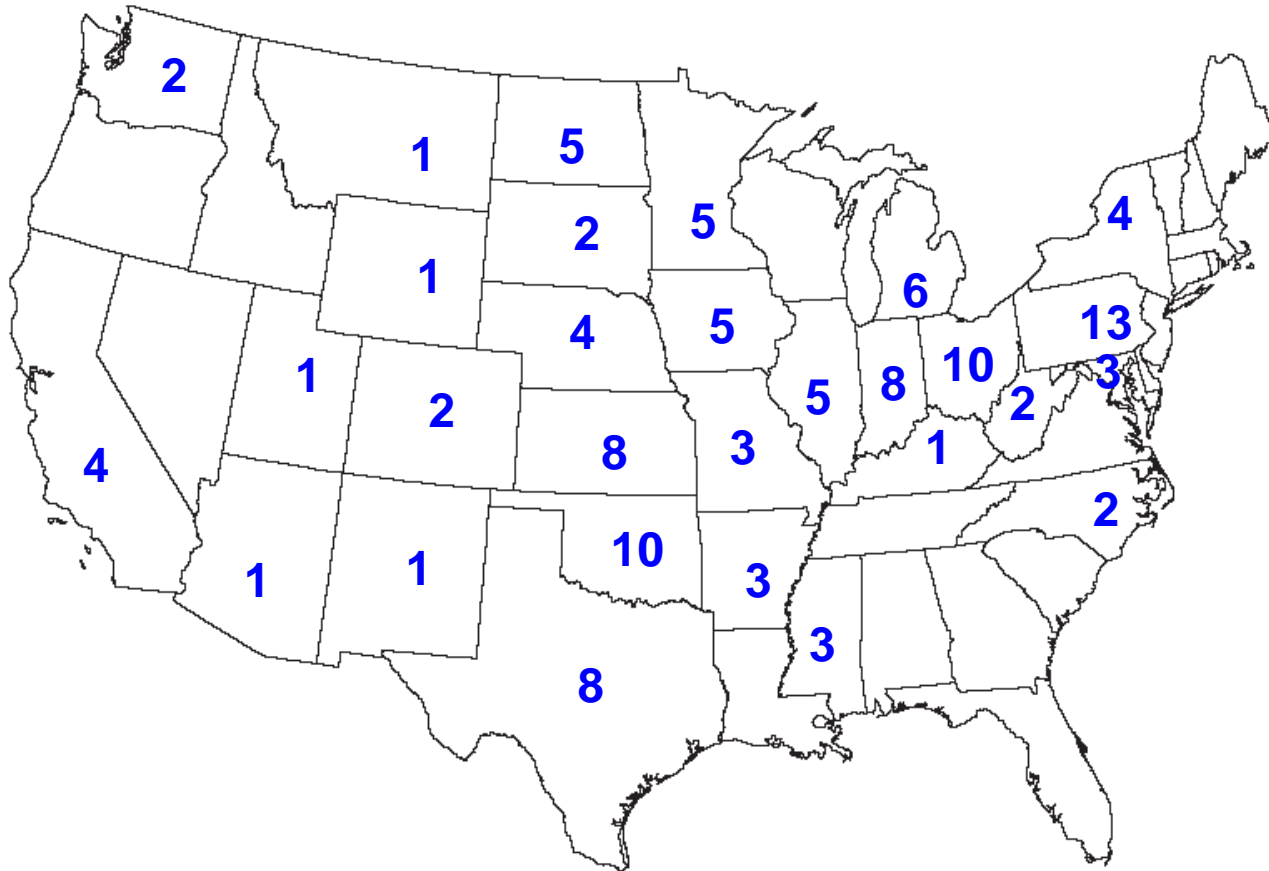
Cooperative IPP*



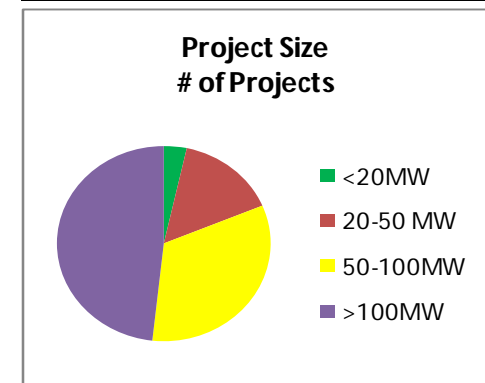
- Turbines located anywhere
- All kWh sold to others
- Customer earns kWh sales revenue
- Customer accrues REC/CO2 credits
- Cooperative owners and/or offtakers

*Independent Power Producer

Location of Available Wind Farms in Development (Partial List)



| Region* | # Projects | MW |
|--------------|------------|---------------|
| FRCC | 0 | 0 |
| MRO | 20 | 4,133 |
| NPCC | 4 | 199 |
| RFC | 43 | 3,901 |
| SERC | 10 | 1,441 |
| SPP | 25 | 5,882 |
| TRE | 6 | 903 |
| WECC | 21 | 2,941 |
| Total | 129 | 19,400 |



* FRCC: Florida Reliability Coordinating Council; MRO: Midwest Reliability Organization; NPCC: Northeast Power Coordinating Council; RFC: Reliability First Corporation; SERC: Southeast Reliability Corporation; SPP: Southwest Power Pool; TRE: Texas Regional Entity; WECC: Western Electricity Coordinating Council

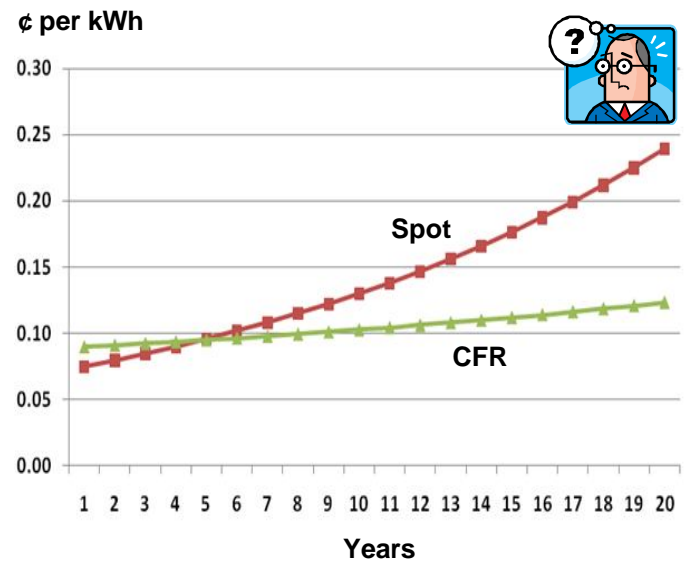
Source: CFR Wind Power Supply Book; CFR analysis

ILLUSTRATIVE

Wind Power Project Economics

| | |
|----------------------------------|--------------------------------|
| Wind Farm Site | 99 MW (43 x 2.3 MW turbines) |
| Total Partner Investment | \$186 M |
| Turbine Net Capacity Factor | 35% |
| Current Retail Electricity Price | 11¢ / kWh |
| Spot Price for Turbine Output | 5¢ / kWh (Last 4 year US avg.) |
| REC Price | \$2.50 / MWh |
| Price Escalation Rate | 3% |
| ARRA Property/ITC credits | 30% |
| Lease Term | 20 years |

CFR vs. Spot growing at inflation



10 to 20% unlevered pre-tax IRR on investment

Attractive returns with upside, including a 20 year hedge against future electricity price escalation



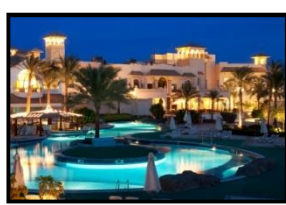
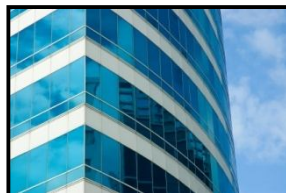


CFR's Flexible Financial Structures Bring New Capital to Renewables

ILLUSTRATIVE

| | 100% Customer-financed | Partially Customer-financed | 100% Externally-financed |
|--|---|---|---|
| Description | Customer | Customer sponsors project, CFR brings other investors | CFR lines up all external financing |
| Financial Structure: | | | |
| <ul style="list-style-type: none"> • Sponsor Equity • Tax Equity • Debt | Determined by customer (e.g., University tax-exempt lease purchase) | 20% 20% 60% | 20% 20% 60% |
| Customer lease payments | Paid during construction period | Sponsor equity paid prior to construction; remainder paid over life of asset | Option 1: Paid over life of asset as lease Option 2: Paid over life of asset through a PPA |
| Customer value capture | All value created including gov't grants, cost savings, RECs, tax benefits, hedge and PR/ marketing value | Debt interest payments and accelerated depreciation go to other investors; customer retains rest of value | Depends on option and structure; at a minimum includes part of hedge and PR/ marketing benefits |

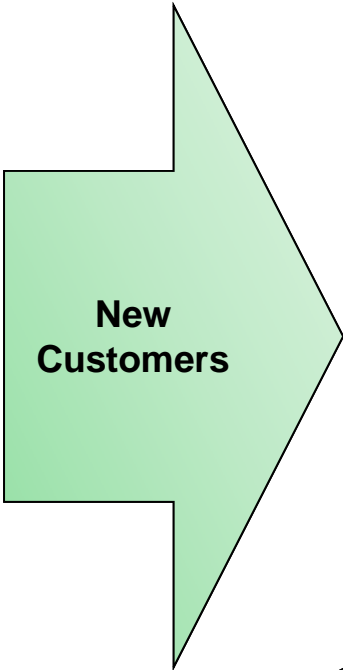
EXAMPLES

| | Customer | CFR Model | CFR Solution |
|---|---|---|--|
|  | <p>Quasi-government agency with numerous facilities in big cities</p> | <p>Inside the Fence, Near the Fence</p> | <p>On-site large-scale solar and off-site wind power within a region</p> |
|  | <p>Multi-university consortium in one metro area</p> | <p>Near the Fence</p> | <p>Joint investment in a wind farm to supply up to 100% of each university's needs</p> |
|  | <p>Large hotel chain with many U.S. properties</p> | <p>Near the Fence</p> | <p>Long-term contract to supply multiple facilities within a region</p> |
|  | <p>Large technology company with large data centers across the U.S.</p> | <p>Cooperative IPP</p> | <p>Direct investment in a large wind farm in one region to hedge power costs in another region</p> |



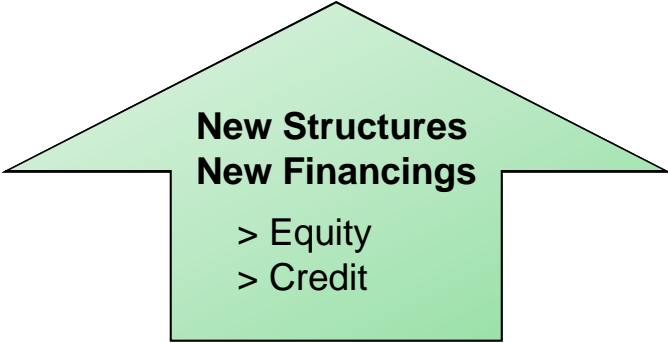
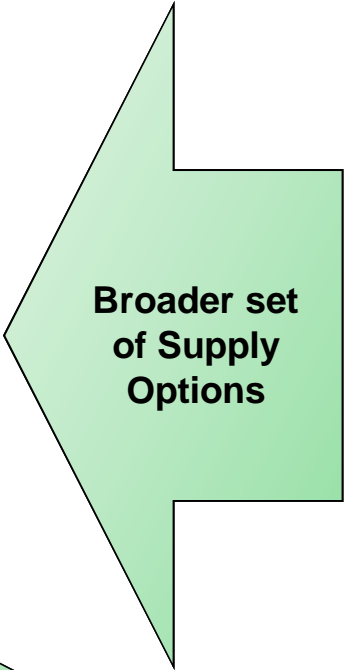
| | Create Internal Understanding and Interest | Identify Options and Define Direction | Establish Customer/CFR Contract | Deliver Customer Solution | Operate to Maximize Value Delivered |
|--------------------|---|--|--|--|---|
| Activities | <p>Understand customer needs and objectives</p> <p>Profile electricity use</p> <p>Generate ideas and prioritize</p> <p>Develop first-cut solution, including value creation potential</p> <p>Get internal decision to make project a priority (and secure initial development budget)</p> | <p>Conduct in-depth analysis/sensitivities to refine business case</p> <p>Flesh-out options</p> <ul style="list-style-type: none"> • Business model • Menu of technologies and providers • Commercial strategy (wholesale and retail) • Financial structure <p>Vet potential suppliers</p> | <p>Finalize implementation plan</p> <p>Convert plan into Customer/CFR contract language</p> <ul style="list-style-type: none"> • Project solution and developer • Construction • Integration with utility system, including reliability requirements • Operations and maintenance (O&M) • Power marketing | <p>For <u>new</u> capacity</p> <ul style="list-style-type: none"> • Agree on contracts with suppliers <ul style="list-style-type: none"> – Developer – Turbine/Panel supply – Construction – O&M – Marketing • Establish project team and process <p>For <u>existing</u> capacity</p> <ul style="list-style-type: none"> • Asset purchase agreement • O&M • Marketing | <p>Establish asset management capability</p> <ul style="list-style-type: none"> • Customer • CFR <p>Perform ongoing site O&M</p> <p>Manage power marketing and commercial flows</p> <p>Establish and run continuous improvement program</p> |
| End Product | Initial commitment to venture development | Management decision on proposed direction | Board decision on project contract | Capacity commercial operation date | Ongoing delivery of value |
| Timing | 6-8 weeks | 3 months | 2-3 months | 3-24 months* | Ongoing |

* Actual time depends on customer needs and specific solution (i.e., new vs. existing capacity, greenfield vs. piggybacked site)



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Market**



The logo for Customer First Renewables features a stylized human figure with arms raised, composed of blue and orange segments, positioned between the words "Customer" and "First".

Customer First
Renewables

Maximizing the Value of Renewables for
Large Businesses and Institutions

www.customerfirstrenewables.com