

# **Putting the Customer First: Creating New Renewable Generation**

Webinar Transcript

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## **Introduction**

Slide 1: Putting the Customer First: Creating New Renewable Generation

Blaine Collison: Thank you very much. Well, good afternoon, everyone. Thank you for attending EPA's latest Webinar. Just bear with me one moment while I remind myself how to take command of the technology here. Hey, here it is. All right.

So, "Putting the Customer First: Creating New Renewable Generation". As most of you know, as the Green Power Partnership, we are the EPA's national voluntary green electricity purchasing program.

And one of the central issues – the central issue, I supposed, from our perspective is accelerating the phase of new renewable generation supply in the U.S. And so there are a number of ways that we look to engage on that issue, and today is the latest in an ongoing series of webinars that feature innovative development or financial – and/or financial model, right, wherein the end game is new renewables, faster, better, stronger – all of that. So that's the discussion today.

Slide 2: Today's Agenda

Blaine Collison: I'm going to spend just a couple of minutes on logistics and introduction and then turn the session over to Gary Farha, President and CEO of CustomerFirst Renewables and then we will have time for Q&A.

Slide 3: Webinar Logistics

Blaine Collison: Just a quick word on logistics, as the operator noted, everyone has been muted so that no one put us on hold and treats everybody to background music that is unavoidable.

Question – Q&A, we have as you can see here on the control panel a question submission interface. I would encourage everyone as we go along to submit your questions through this panel.

We will be able to see it in real time and either answer you directly as we go along or get the question queued up for the interactive session at the end. It's important to us that we do our best to get all of the questions answered so please don't hesitate at all.

#### Slide 4: Today's Presentations & Podcast

Blaine Collison: OK. Today's presentation, we'll – as well as the recording will be available for download on our Web site and, in fact, on iTunes where I'm sure it's taking a top of the chart position.

It will be available along with some of our previously archived sessions which you can see listed there. For me, they're actually really interesting – lots of very insightful comments – contents and interesting solutions for organizations looking to be in the green power space.

#### Slide 5: Upcoming Webinar

Blaine Collison: A little plug for our next Webinar, this is actually really interesting, "Greening the Bottom Line: How Campus Green Revolving Funds are Saving Energy and Money". The title reads campus but I would actually point out that it is targeted at any number of organizations.

It so happened that the current leaders in the development of green revolving funds within organizations are on campuses but it's proving to be a very innovative and compelling solution to the problem of where we want to do stuff and how do we pay for it. No one has got capital lying around and this is proven to be a very effective solution for a number of organizations.

That's coming up on April 20th, same time and we are always looking for ways to meet the needs of our partners and stakeholders. If you have other issues which you're interested in and want to suggest for future webinar, please don't hesitate to contact me and we can have discussion about that.

#### Slide 6: Partnership Offerings & Benefits

Blaine Collison: Just a quick review on who the partnership is, this is us and these are the things we do. Most of you are probably fairly familiar with these already. We established metrics and benchmarks and definitions for the voluntary market.

One of the most important and useful things that we do continues to be this portfolio of Top Partner lists. I would commend everyone's attention to our Top 50 list on the Green Power Partnership website.

Recently updated, it's a really interesting and dynamic list of the 50 largest voluntary green power users in the United States' economy, and we've got another update coming soon and things will be changing, which is part of the magic of the list.

Slide 7: What is Green Power?

Blaine Collison: What is green power? This is what we're talking about today. It is environmentally-differentiated electricity from these technologies. Three traditional ways of getting green power and for the partnership, as of this morning, we're up to 1,320 partners from all shapes and sizes of the economy. Those 1,300-plus organizations are currently purchasing upwards of 20 billion kilowatt-hours a year of green electricity.

Slide 8: Green Power Procurement Options

Blaine Collison: Most of it is coming in the form of RECs, but there are also pieces coming from bundled products, coming from utility vendors and on-site generation remains an important component of the overall portfolio as well.

Slide 9: Want to Know More?

Blaine Collison: With that, contact information, a couple of links, again, have a look at our Top Partner list. Here is my contact information and also information for Anthony Amato under the Support Team.

And with that, if there are no further questions, I am going to turn it over to Gary Farha from CustomerFirst Renewables to take it from there. Gary?

## **Customer First Renewables**

Slide 1: Putting the Customer First: Creating New Renewable Generation

Gary Farha: Great, Blaine. Thanks a lot and also welcome everyone who's joined today.

I'd like to start by thanking Blaine and EPA's Green Power Partnership team for inviting us and the opportunity to speak with you today.

We also want to thank everyone on the webinar who's joining us. We know from looking down the list of registrants that it includes a number of folks who are maybe potential customers of CFRs – or CustomerFirst Renewables – and also others who might be potential partners of ours as well soon or down the road, so we want to thank everyone for joining us.

As both the name of today's session which is, "Putting the Customer First: Creating New Renewable Generation," and our company name suggest, our primary focus is on customers, and without your interest, we don't have a business.

I'm joined today by two of my CFR colleagues – first, Dilip Kamat who is a senior advisor at CFR and also a board member of the company and also Kevin Rackstraw who is CFR's VP of Windpower. They'll both be pitching in during today's presentation as well as the Q&A.

Today, we hope to introduce you to our company and describe what we believed to be a compelling opportunity for many large electricity end-users which is direct participation in economically attractive utility scale renewable supply tailored specifically to your needs.

If what we describe today is of interest, we'd be happy to continue our discussions following today's session. Feel free to contact us through the EPA Green Power Partnership program or by sending me an email directly at the address in this page.

CFR which is headquartered in Washington, D.C. was created not quite a year ago to address what we viewed as a market failure and how new renewable energy gets developed and where the value gets captured.

We were convinced of two things. First, that the existing industry structure or utility PPAs or Purchase Power Agreements are required for large-scale renewable projects to get financed was keeping a lot of potentially economically attractive projects on the sideline.

And number 2, that there is a growing customer need for economically attractive renewable solutions. I'm happy to report that we received a warm welcome from end-users, developers and other value chain participants and we'll talk a little bit more about how we're working with them today.

## Slide 2: CFR is Challenging Beliefs about Renewables Supply

Gary Farha: We turn to the next page. A lot of our focus since we've entered the market has been spending time with customers and really, it's a wide variety of end-users from what we call institutions, folks like quasi-government agencies, universities and others as well as for-profit institutions, businesses that range pretty broad set of end-used markets from industrial companies to hotels, to consumer goods companies, to many others.

And generally, what we've been finding is the five items that you can see listed on this page. First, that many of the most progressive large end-users are looking for options beyond the prevalent solution today which is basically buying through a market or some other vehicle – Renewable Energy Certificates or RECs – and combining them with brown power.

There are two reasons that a number of institutions are beginning to look beyond this solution. First, they recognized that buying RECs is not doing a lot to spur on new renewable sources since they are relatively cheap and marketers are reselling ones from existing capacity on a day-by-day basis.

Secondly, there are many economic and sustainable benefits that are being captured by upstream players in the value chain, typically utilities.

The second thing we focused on – challenging a belief on is really – comes from a handful of large end-users who have recognized that under the right conditions, renewable options can be economic and are taking actions to access them.

Like many others, and I'm sure many folks on this phone increasing their percent of renewable supply, has been an ongoing goal in their sustainability annual reports that they publish and put on their websites and they've been searching for options to act on them. In a couple of slides, we'll share the types of projects in which they've again getting involved.

Third, many have expressed their desire to do more but feel their degrees of freedom are limited by their current provider or the regulatory regime in the states where they're located. There is no

doubt that these factors have limited what has been offered in the market to date, but our view is that you do have options and that they can be compelling.

Fourth point is that virtually every organization we meet with is what we would call long on physical assets. What we mean by that are things like bricks and mortar equipment, computers and other things that are instrumental to providing a product or service to their customers.

Yet, they are short of the electricity required to operate those assets, often, one of the largest non-people cost that they faced. Going long renewables can provide a much better match between long-term assets and associated expenses.

Finally, the last point on this chart is that even when organizations decide they would like to do more with renewables, they're often challenged to overcome the internal organization as it is related with making this happen.

Either it's not viewed as core part of their business or they recognized it will take time and effort and potentially more organizational muscle to make things happen. There are alternatives to doing it on your own and, in fact, that's really the void that CFR was created to fill.

Slide 3: CFR is a Different Kind of Supplier: A Renewable Energy Integrator

Gary Farha: With these perspectives in mind, let me tell you a little bit more about CFR. First, we're a renewable energy integrator. By that, a good analogy would be – to what we do, would be systems integrators in the IT world. They work with their clients to design, provide and operate customer solutions tailored to customer needs.

We do the same thing with our renewables with one key difference. IT system integrators typically represent a specific brand of equipment or types of technology. CFR on the other hand is agnostic to specific technologies whether it's wind or solar, who makes the equipment that we use, the developers that we work with as well as the solutions that we provide. In short, we provide objectives, end-to-end solutions focused on maximizing the value created for each customer over the life of the asset.

As you can read on the left side of this page, our vision is to address the market failure we discussed earlier by shifting the control and value capture renewables directly to large end-users. By creating and satisfying more end-user pull for supply, we can expand the market and accelerate the timing of when and how renewables are developed.

As our name suggests, our business is centered on delivering the benefits of competitively and predictably priced green electricity directly to customers in a manner that minimizes the hassle of them doing it on their own.

The CFR team is well-equipped to pull this off. We have deep expertise in the entire energy industry value chain as well as most of our customer end use segments and we have long track records of challenging and overcoming traditional ways of doing business.

Our founders include former McKinsey & Company Partners including Dilip and myself and experienced wind and solar developers. Kevin is the former – with 20 years of U.S. and international wind development experience and also played a role as a former AWEA board member.

Our four other founders have complementary skills in solar development as well as functional skills including marketing, microeconomics, project structuring and finance – basically all the things needed to pull off a turnkey solution.

#### Slide 4: CFR Expands the Renewable Solution Set

Gary Farha: The end result of what CFR does as shown on this page is basically expand the renewables market and we know from many discussions with Blaine and other folks at the Green Power Partnership program, this is something very near and dear to their hearts as well.

We do that by, in many cases, not competing directly with current players in the industry but actually by doing three things that complement the industry, how it operates today and help to expand the market.

The first thing we do on the left side of this page is we go directly to customers. As many of you know, today, the renewables industry is largely what we would call a wholesale market where wind or solar developers, utility skills developers would enter into relationships with utilities who then will resell the power to end-users.

We go directly to customers of many different types. You can see in the pictures here on the left that it includes office building developers, technology companies, industrials, hospitals, hotels and resorts, universities and municipalities and other quasi-governmental agencies. And by developing direct relationships with them, we understand their needs and open up a window of opportunity to them that historically they may have not seen.

On the right side of this page, we also tap into a broader set of supply options. Now, as pictured here, both wind and solar including utility skill for both that are not new to anyone, what is new is the relationship that we forge with many developers and other players in the industry to basically provide them a road to market that they haven't had before.

As mentioned, they historically have had to enter into contracts and effectively wait to enter into Purchase Power Agreements with utilities or other entities who may create demand for their solution. In our case, they work directly with us. We're basically giving them access to a new source of demand that's being created in the market that historically was not available.

The third thing that we're doing is we're bringing both new structures and new financing approaches to the industry largely by again, getting the customer more actively engaged and thinking about options that they may have and typically generating a broader set of options than what they normally would think about.

Most customers tend to think about the Inside the Fence option, in other words, options on their property. And Blaine, you mentioned that's certainly been historically one of the solutions that many have availed themselves of.

We've been sort of expanding the envelope into other structures that we'll talk more about today where they can get access to generation located more remotely from their own site and also avail themselves of new financing structures both equity as well as leveraging their own credit to help them capture more of the value created by the renewable solution.

Slide 5: Renewables Leadership is Moving to Direct Investment in Assets

Gary Farha: The next page gives you a sense for the evolution that really has been the backdrop for why we created CFR. And, in fact, CFR acts as an enabler for an important trend that has begun to occur on a one-off basis.

We mentioned earlier that renewables leaders have been searching for solutions beyond RECs. This chart illustrates the migration underway in the U.S. during the last 10 years. All of the organizations shown here were industry leaders in what they were doing in their sustainability strategy at the time they put their solution in place.

But you can see how the actions taken have evolved from REC-focused strategies on the far left which really happened in the early to mid-2000s to long-term PPA commitments in the middle of U.S EPA's Green Power Partnership

the chart which happened largely two to three years ago and still continue to happen today, to direct investment and renewables on the far right of the chart which really have just begun to sprung into the market in the last year or two. What this means is that despite the market failure for direct access to renewables, organizations have found ways to get access to them.

Looking across the page, you can see that they represent a wide range of end use segments – institutions like universities as well as consumer goods, industrial, technology and sports entertainment businesses.

Why is this happening? There are many reasons specific to each project but they tend to fall into three buckets. First, the organization is committed to sustainability on both the demand and supply side.

Second, they see the full range of benefits associated with going long renewable supply – things like environmental, economic, marketing and other benefits and want to capture a larger share of them.

Third thing is they made the commitment to act on their conviction and make a project happen, often, by encouraging and sometimes pulling along the industry. Our view is that these examples are the tip of the iceberg and that there are many other opportunities to serve customer needs better with the right organization and value proposition.

#### Slide 6: Direct Investment with CFR Creates Renewables Value for Customers

Gary Farha: What is that value proposition? Basically, it's one where CFR shifts renewable energy from a cost to an economic benefit. We do that through deploying a variety of structures and financial options that effectively drive the benefits of our solutions directly to customers.

Because they are designed with each customer's needs in mind and our incentives are transparent and setup so we're always on the same side of the table as the customer, we were able to maximize the benefits delivered to customers and avoid zero sum outcomes.

As shown on the left side of the chart, and this is really a generic model, we show CFR on the top of the chart and then three elements that we would work with in a potential project beneath CFR – first, the customer, second, potential retail buyers in the market and third, a wholesale and/or utility buyer. And as mentioned, we develop relationships with all three types of players.

What we'll do is enter into a relationship with the CFR customer where we'll agree on a specific solution that meets their needs either wind or solar. They will, in return for that arrangement, enter into a contract with us which could be a variety of different types – some look like traditional PPAs, some look much more like ownership and/or leasing agreements, and in return for that agreement, we deliver back to them the benefits of the solution that's offered.

And because of our relationship with retail buyers as well as wholesale buyers in almost any transaction, part of the output of the unit may go directly to the customer or may go to other players in the market and all of the proceeds of them end up getting directed back to the CFR customer.

The benefits delivered are outlined on the right side of this chart. It includes the opportunity as a customer to basically produce green electricity in RECs at a predictable cost over the next 20 years from renewable supply that is tied specifically to your needs; to profit by using your own generation to offset current purchases in some instances and/or sell the output back into the market; to hedge your future electricity costs for a long period of time typically up to 20 years. Since the income generated by the kilowatt-hour sales in the market increases as power prices rise; to mitigate future cost, many of which are unknown but are still out there around carbon and other things that may lie in your future that may not have yet been quantified but certainly are real future costs that you may face, and then finally, benefit from the marketing and other related value of being green.

#### Slide 7: CFR's Flexible Business Models Work for Almost Any Large End-User

Gary Farha: Now, the way we do that as mentioned earlier is through a range of different – what we call business models. The one on the left – I'm sure will be familiar to everyone on the phone call – what's traditionally called an Inside the Fence solution and may include both solar and or wind options depending on the footprint that the customer has, but probably more typically would lend itself to an on-site solar option at a large business or institution.

Basically, the turbines – in this case, this is the wind power illustration but the same effective solution would also apply to solar. The turbines and/or panels would be on the customer site – on-site kilowatt-hours used by the customer.

It offsets utility power needs and any excess through an agreement with a local utility would basically monetize any excess output. And the customer basically accrues all of the savings associated both cost and REC-related with the offering.

The other two options on the far left are a little bit more a field. Near the Fence would be an option that might typically be a wind powered option as shown on this page where the turbines may be located offsite generally within a geographic region that would provide them transmission access to the wind site.

Some kilowatt-hours might be used by the customer directly depending on the state regulatory regime within which they're located. You would help offset their utility power needs and excess kilowatt hours beyond what they use on their own would be monetized in the market with other customers either wholesale or retail. Again, in this case, customers would accrue the REC and other benefits to the extent they wanted to retain them.

The last option that we call Cooperative IPP is sort of an interesting one, and you can think of it as a much more long-distance relationship where the capacity that you're a part of may be quite remote – could be literally across the country from where your own physical sites are located.

The term Cooperative IPP, let me just define that. Cooperative means that it's being done in conjunction with others. IPP is just short for Independent Power Producer. And in this case, what would be located, say, for a customer on the East Coast might be a wind farm and as an example, Kansas, that might be selling the output from the Kansas wind farm and the local Kansas market. The proceeds of which would be directed back to their customer as an offset to their electricity bill.

And if this project was set up in a smart way that really focused on tracking power prices between markets effectively to provide a very compelling hedge against future power price increases in the local market where a customer would be located.

Slide 8: CFR's Supply Book Provides Access to Wind Projects Across the US

Gary Farha: We wanted to peel the onion for you a little bit more to give you a feel for how we actually supply customers and deliver the benefits that we've been describing to you today.

Part of the way we do that is by having direct access to a wide range of renewable project opportunities across the U.S. This particular example on this chart is for wind power. And basically, through arm's length agreements that we have in place with many wind developers across the country, we've created a supply book that allows us to look at a number of different

options for customer-specific solutions and counsel our customers on the options that best align with their needs.

Developers generally welcome the opportunity to work with us because we are effectively opening up a window to a new part of the market they are challenged to get access to.

With that Kevin, let me turn it over to you and let you describe a little bit more about our supply book.

Kevin Rackstraw: OK. Well, what we've tried to do here is to build a supply book with the national footprint because that is consistent with the footprint of a lot of the customers we talk to. They tend to have a lot of facilities across the country so we wanted a wide variety.

We also spent quite a bit of time screening projects so this – well, this totaled something in the order of 20,000 megawatts. These are projects that can be built within the next three to four years that aren't subject to built out of major new transmission or other significant constraints. So they they achieved a certain level of viability in order to make it into our supply book.

It also doesn't include some of the mega projects – yes, a number of projects that are 2, 3, 4, 5 gigawatts in a particular location because those require a big transmission solution and have a much longer kind of rollout.

They've tend – we've tended to focus – we have quite a few projects in PJM because that's obviously a liquid market and a fair amount of the loads that we've been looking at today have been in that market as well, but as we talk to new customers, we build this out based on their particular needs and their particular footprint so this is an evolving kind of product.

Gary Farha: Thanks, Kevin. This, by the way, doesn't convey to you that we're just wed to these projects. In fact, in a number of customer, projects we've gotten involved with oftentimes, other projects come to light either folks – developers or others who may have come in contact with our customers before and that our customer see benefit in us helping them to that and figure out what makes the most sense for them.

And because of arrangement with all of the developers underlying these projects is mutually beneficial and agreeable, we have no financial interest in any of these projects and, in fact, because of that, it still creates an opportunity for developers to make the projects happen that they may not otherwise be able to get access to or to create a PPA for.

## Slide 9: CFR Projects Create Positive Financial Returns for Customers

Gary Farha: Next slide. We wanted to talk a little bit about the economic returns because that really is, as we mentioned earlier, kind of the litmus test that we place on any opportunity that we begin discussing with customers.

A big part of our focus in working with customers is helping them understand the economics of different options available to them. So a typical customer will explore all three of the models we talked about earlier.

The Inside the Fence, the Near the Fence as well as the Cooperative IPP models, we'll also look at a broad range of financial structures and I'll tell you a little bit more about them on the next slide in a minute that give you a feel for the range of opportunities available to each customer and how we tailor it for them.

The numbers on this page on the left-hand side just to give you illustrative wind power economics, what it might look like for a customer that participates in project. Here, we just assumed roughly a 100 megawatt, 99 megawatt wind farm with total partner investment on the order of \$186 million. Again, that might be shared by multiple parties depending on the structure of the deal that we pull together.

The rest of the factors here are assumptions that I'm sure are quite comfortable not just to Kevin but other folks on the phone who are familiar with wind generation around the capacity factor.

This is just the number around the operational time of the unit relative to total time available. Basically, it indicates the strength of the wind resources in the area that we're looking at and that will vary by project.

The current retail electricity price is just indicative rate. Again, we vary that specifically by customers, same thing for the REC price, the price escalation as well as the ITC, Production Tax Credit or other things that are available on the project and typically, it's a 20-year lease term.

End result of this is often a return on investment of 10 to 20 percent. When we say unleveraged here, that means without debt. This is just an equity-only financing so we introduced that it would look more attractive.

I think the interesting thing got many of you is the right-hand side of this chart which shows then what the price path would look like for your electricity for CFR relative to the wholesale spot market just growing at inflation.

And as you can see here, over time, this leads to effectively real price declines in your energy prices and much greater certainty around future energy prices which I think is particularly important for those who have big energy budgets and/or have fixed budgets.

Slide 10: CFR's Flexible Financial Structures Bring New Capital to Renewables

Gary Farha: The next page just gives you a quick overview of the flexible financing – financial structures that we also deployed to help bring new capital to renewables. It ranges on the far left side of 100 percent customer financed deals and we're finding a number of customers who are interested in this option all the way to the far right side which are 100 percent externally financed projects in which oftentimes feel a little bit more typical – more typical like a Purchase Power Agreement, for example. A few of which certainly have been done today.

And in the middle, of course, are partially customer financed options. You can see that the financial structure that customer we say here, lease payments but it could be just an operating or other financial payment and the customer value capture varies by options.

In general, the way to think about this chart is the more benefits we've talked about that you're interested in capturing, the further over to the left side of the chart that you'd want to be.

Dilip Kamat: I'd just add that our tax equity invested also by potential investor.

Gary Farha: Yes, thanks, Dilip, a good clarification. One of the things that we're finding, in fact, is that there are other investors out there beyond our customers who have a tax appetite for the benefits offered by these solutions and have already reached out to us and effectively offered to put money behind a number of our deals, you know, frankly so that they can help create a win-win with other customers in the market.

Slide 11: Representative Customer Projects in CFR's Pipeline

Gary Farha: Next page, yes, we thought here, you know, just to give you kind of a sanitized sense for the types of projects that we're involved in today. You can see they cut across a number of the end use segments that we've already talked about.

First one is the quasi-governmental agency with numerous facilities associated with a number of different big cities in the U.S. For them, the models that we're exploring are actually both Inside the Fence solar solution as well as the Near the Fence wind solution.

And we're finding in both cases, again depending on the locale, the subsidies, the tax benefits and, of course, the rate structure in the local market, we can create some economically attractive projects.

Second one, our universities, we've actually found that where we seemed to be in the sweet spot over a number of universities. We're working and in discussions with a number of them now both as individual universities as well as consortia of universities in single metropolitan areas.

Solutions that we've been exploring to them have included some Inside the Fence but primarily Near the Fence opportunities where they might make an investment or a joint investment in a wind farm that supply up to 100 percent of their needs.

Third example is large international hotel chain with many U.S. properties. What we've been exploring with them are Near the Fence opportunities where they might enter into a long-term contract to supply multiple facilities within their region.

And then lastly, sort of pictured here is an office building, but really, it's a technology company. We've been working with a few large ones around who owned large data centers across the U.S.

They've been interested in Near the Fence opportunities as well as the Cooperative IPP model that we've talked about where they might make a direct investment in a large wind farm in one region to help hedge power cost in another region.

#### Slide 12: How Customer – CFR Relationship Happens

Gary Farha: This chart – sorry, one back – it's OK, thanks, Blaine. This chart, I wouldn't go through the details. You'll see it in the chart that's distributed, but we often get the question that will show, "I'm interested in learning more, how does a customer-CFR relationship happen?"

These five phases we outlined here will certainly get modified depending on the customer opportunity but they give you hopefully a good general sense for how things happen. You'll see on the far left-hand side as you just read through it, it starts with us initially helping a customer to outline even what their options and their strategy should be around renewable supply beyond

what they're doing today and then it moves to the right through actually settling on an option, putting in place all of the elements to it, and then once it's up in commercial, operating it on their behalf.

#### Slide 13: Recap: CFR Expands the Renewables Solution Set

Gary Farha: Just to recap, what we've really been focused on over the last eight, nine months we've been in existence is really expanding the renewable solution set. We're excited about the market opportunities out there.

We really do believe that there is an opportunity to go beyond the healthy renewable market today and actually grow it further through as we've talked about earlier getting customers more directly involved in solutions, bringing in a broader set of supply options to customers and to developers and others in the value chain as well as bringing new structures and new financing options directly to the market.

#### Slide 14: Customer First Renewables

Gary Farha: And with that, we'd like to thank you for your attention and we look forward to answering your questions.

## Questions and Answers

Blaine Collison: So the time is now. Everyone can bear with me. We'll try to get my platform to behave a little bit. Well, it's done. All right. So there are some questions that are actually – quite a queue of questions. I'm going to pick them off in no particular order.

There was a question about international projects. Does CFR have any international portfolio? China was specifically mentioned.

Gary Farha: Well, let me just start by saying, Blaine, I'll take the easy – or the easier questions and I'll call on Kevin and Dilip to answer the difficult ones, if you're wondering who the other voices are coming from.

We do not currently have a portfolio in other countries. However, as you might imagine given the types of institutions that we're working with, many of them have a global footprint and they've already begun raising with us opportunities to do things inside the U.S. as well as outside the U.S.

Our team has a lot of experience. All of us have worked internationally up and down the industry value chain. So we suspect our customers will ultimately pull us into international opportunities.

Blaine Collison: Yes, OK.

Blaine Collison: Another question, if you could not have any financial interest in generation asset, how do you distinguish yourself from other REC and carbon (offset) brokers and what offset protocol are you using to verify your offset?

Dilip Kamat: Sure. We are not your traditional developers. We are not in the business of selling RECs. We are interested in having customers that actually have access to and, you know, participate in owning or partially owning energy assets – renewable energy assets. So I don't think we would compare ourselves with REC suppliers or the brokers.

The value that we see is that the wind power will actually help our customers to reduce and manage their energy cost, so it's an economic decision not just a green power decision.

Kevin Rackstraw: Well, we also – I mean selling RECs can be a subset of what we do depending on the customer interests or needs. If the customer wants to capture those, make marketing claims, et cetera then they can do that.

If there is a customer who is essentially an investor who wants to own the asset but then is going to sell the attributes and the energy, we could sell the RECs for them so that it is something that we can do as part of our capability but it's not central to what we're doing. It's incidental in a lot of ways depending on customer needs.

We typically don't just purchase RECs from any other assets. We – the idea is we have assets. Our customers will own or control those assets and then maybe REC sales from those but we're not looking to go out and buy RECs.

I suppose there could be a circumstance where that might be something we'd want to do particularly as a bridge until our asset gets filled or something like that happens but it's not the primary part of our plan.

Gary Farha: Yes, the way I think about us is not as a broker or marketer. We're not just in business to provide RECs. Think of us as an alternative energy supplier, right. So we're actually supplying kilowatt-hours to the market as well as other benefits associated with renewables and we're bringing those benefits directly to customers.

Blaine Collison: OK. A question here about what determines whether an agreement looks like a PPA versus an ownership or leasing model?

Gary Farha: It totally depends on the customer. We've – and again, this is the whole idea of being customer first as our name suggests. PPAs are very relevant for some customers who may have limitations around capital. This is an example that might have a very high degree of interest in making a long-term commitment around the renewable asset be it wind or solar.

There are other customers who actually see and want to get access to the economic and other benefits that we've been talking about and maximize their capture of them. In that case, they tend to move more towards the left side of the chart that we've showed earlier and actually put their money where their mouth is.

Blaine Collison: Big equity boost.

Gary Farha: Yes.

Blaine Collison: I'm actually to combine a couple of questions here and I probably should have grabbed this one first. Is there a minimum demand side that you're looking for from a customer to participate in these arrangements?

And then it appears that one of the issues perhaps is that it looks as if the model may rely on getting multiple (CMI) stakeholders to work if not in concert, at least in parallel and are there – how has that been as they said – operational challenges: easy, not a problem, requires some hand holding, thoughts?

Kevin Rackstraw: I think the substantial part of what we do at least in some circumstances is to aggregate customers. Some of them are not large enough to really participate certainly on their own in some of these projects because to get to get scale, you really need to be dealing with tens of megawatts or larger.

Dilip Kamat: So for example, if you think about universities. The universities that have pretty big loads which might be of in the tune of, you know, 50 megawatts, there are other universities with loads that are in the 10 megawatts range.

What we would do – what we are doing is creating consortia that will provide enough scale to help us build the plan but the participants could be anywhere from, say, 7, 10 to 50 megawatt loads. So it's a way for customers even as small as 5 to 10 megawatts to be able to participate in adding scale, if you will.

Gary Farha: In terms of the second question you raised, Blaine, around the difficulty of actually getting customer interest and aggregating demands, one of the interesting things we're finding in – from our customers, in fact, is they like our value proposition. And what we're doing so much, they are actually opening doors for us.

So it's not uncommon for them particularly in the case of universities, as an example, for them to act on our behalf and their own behalf to try to help us create a project that's significant enough to scale as Kevin said earlier to make for very economically attractive project.

Dilip Kamat: All right. And there's another angle that we saw too which is that if there are customers who have capital to invest or want to take tax equity positions, we have those kinds of customers and we can couple them with customers that don't that capital to invest but have a

need so we can create structures around which some customers can play the tax equity on investment role. Other customers can be on PPA for the same project, if you will. So participate on both sides.

Blaine Collison: Have you worked with the local government yet as customers or potential customers?

Gary Farha: We have worked with some quasi-government agencies. We have not worked with municipalities directly yet. They are in our – what we believe to be our sweet spot though and we look forward to the opportunity to do that.

Blaine Collison: Are you in the position – we have a question about what colleges and universities specifically you've worked with yet. My sense is that that answer might be pending.

Dilip Kamat: There are several in the works.

Blaine Collison: Stay tuned. That's fair enough.

We are drawing to the close of our available time today but I wanted to try to pick off one or two more questions if we can. For the questions that we don't actually get to respond to here, we will seek to pull together Q&As and a document and publish them on our Web site.

Regarding the IPP model, is community ownership a model for investing in assets? Is it scalable for small stakeholders?

Kevin Rackstraw: I think that's not anticipated in our current model if you're talking about – truly if you're talking about individual. If you're talking about, you know, multiple municipalities coming together as an owner or something on that kind of scale then that fits better into our business.

Dilip Kamat: Or a big enough commercial development, if you will.

Kevin Rackstraw: Yes.

Dilip Kamat: Or a big enough, you know, retail developer.

Gary Farha: I would add to that, Kevin, that on the developer side, the asset side, we certainly are opened to and have developed some relationships with community wind developers who, of

course, then might have a more local footprint with folks around, you know, where the capacity ends up getting located.

Blaine Collison: Here's another question I wanted to make sure we address that. I know there are some utility providers on the session today and then what roles do current utility providers play in this project? Are they involved or they're not? Does it depend on the market?

Kevin Rackstraw: Yes, I think it does depend on the market. Certainly, in regulated markets, there may be a role for them to apply if the right solution isn't a sort of Near the Fence or Cooperative IPP kind of opportunity. There may be roles in some cases for utilities to sort of fill that necessary gap there.

In more regulated – in more unregulated markets, the utility typically is not going to be directly involved but, you know, we're certainly open to any – a whole variety of models and we'd be happy to talk with people about that.

Blaine Collison: We also have a question as to how CFR gets paid? Where is your stake in the transactions?

Gary Farha: Yes. There are three sources of value for CFR and they all made transparent to customers as mentioned earlier. The first is – and it kind of ties with the five-step process we showed you all earlier. The first tends to be around helping them kind of upfront with their thinking around their strategy for renewables and it typically is a relatively low amount of money where it helps us to make a commitment to the customer and helps them put a little bit of sort of their own stake in the game so that we're working together to come up with a solution that meets their needs so you can almost think of it in almost their consulting like way upfront for a short period of time.

Once the project develops further and we're moving towards actually selection of and putting in place and constructing the actual asset, we do have a success fee related to the completion of the asset that again is the defined amount and typically it's a small percentage relative to a typical developer's development fee that they would charge for a project.

The third thing we do is because of our ongoing relationship with customers for the life of the asset, we do have – we put in place an ongoing agreement with the customer on a specific set of services and roles that they would like us to fill and we tailor the payments that are made specifically to their needs.

Blaine Collison: All right. We are drawing to a close. We have one or two last questions. Matching load or generation to customer's time of use need, and from the same question, are you filling equity positions and projects or just like output?

Kevin Rackstraw: Well, we certainly – and there are cases where we spend a fair amount of time looking upfront at the customer's load and time of use and where we can find good correlations from various assets. We'll go through our portfolio and see where the best matches are.

If delivery to the customer actually makes sense then we'll tailor something around that. If not, we might look for a correlation for a sort of virtual project where your selling maybe even into a different market but you're looking for correlations with the customer's loads that there is potentially a financial kind of hedge that's created there. So we certainly do that. It's not necessary to do that in all cases but it is something that we look closely at.

Are we selling equity positions and projects? Well, we certainly have looked for outside capital in some cases but the ideal thing is that we have sort of an anchor customer who is going to provide equity into the project.

They typically aren't going to want to want to share a lot of that but might be willing to sell some of that equity down over time like once the project is built, you know, something like that. So it's not a core part of what we're doing. We're not out there trying to sell shares or parts of projects to equity investors.

Dilip Kamat: That's true, but to the extent that an equity investor is interested taking tax equity position in a project, you know, we welcome that. The output of that asset would go to a retail or a mix of retail and wholesale customers.

So that way, the tax equity – holder can benefit on the tax equity side. Those customers who don't have capital to invest in a project would benefit from having power through a PPA type of arrangement.

Blaine Collison: OK. And we are going to make that the last word. It is 2:00 or 2:01.

I wanted to thank everybody or their participation today. Thank you, attendees, for being on the phone. Be very good to hear from you how the session went, and then we will assemble Q&A document and get that posted on our Web site along with the presentations from today, and the

recording, look for it on your favorite iTunes playlist. And we are available here at EPA to continue the discussion on creating new green power. Gentlemen, thank you very much and, everyone, have a happy rest of Tuesday.

**End**