THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE
SITE EVALUATION COMMITTEE

DOCKET NO. 2008-04

RE: APPLICATION OF GRANITE RELIABLE POWER, LLC
FOR CERTIFICATE OF SITE AND FACILITY
FOR GRANITE RELIABLE POWER WINDPARK
IN COOS COUNTY

TESTIMONY OF JAMES SUNDSTROM ON BEHALF OF COUNSEL FOR THE PUBLIC

FEBRUARY 2009

I, Jim Sundstrom, do hereby state under the pains and penalties of perjury that the following attached testimony is true.

1. I have advised numerous companies in the alternative energy industry on a wide variety of financing and strategic transactions in my 26 year career as an investment banker. From 1983 to 1988, I was a member of the Investment Banking Department at Kidder, Peabody & Co., where I focused on developing new financing structures for clients. In 1987, I advised Caithness Energy on the structuring of the project financing for Coso Geothermal, a 270 MW California

based geothermal power project. From 1988 to 1990, I was a Senior Vice President in the Investment Banking Department of Donaldson, Lufkin and Jenrette Securities Corporation. During, this time I focused mainly on financial institutions clients although I continued to advise Caithness Energy on alternative energy project finance. From 1990 to 1997, I was Managing Director and Head of International Corporate Finance at Prudential Securities Incorporated. My significant transactions in the energy area during this time included energy project financings and utility privatizations in Latin America. From 1997 to 2000, I was Managing Director and Head of Private Equity Finance at Josephthal & Co. Inc., where I was completed a private equity placement financing and the initial public offering of H-Power, and financings for Microvision and other technology-based companies, as well as Caithness for its alternative energy investments. From 2000 to 2004, I was a Managing Director at H.C.Wainwright & Co., responsible for the firm's financial advisory and capital raising activities for various alternative energy and advanced technology companies. I advised SensoNor on its sale to Siemens, Plug Power on its acquisition of H-Power, and raised capital for Ultralife and other advanced battery and storage companies and alternative energy companies, including wind project financings. I had senior banker responsibility for the alternative energy clients of the firm. From 2004 to 2009, I was a Managing Director of Rodman & Renshaw, LLC, where I was

responsible for building the firm's banking activities focused on alternative energy and advanced technology clients. I completed the initial public offering for Comanche Clean Energy and advised on various wind project financings. I joined Cypress Associates LLC in 2009, and have continued to focus on alternative energy clients in the wind, biodiesel and ethanol sector, in addition to a variety of financial institutions, technology and industrial sector engagements. I have a MBA from Columbia Business School and a BA from Clark University. My curriculum vitae is attached at Exhibit 1.

2. Counsel for the Public has retained Cypress Associates to assist in evaluating Granite Reliable Power, LLC's ("GRP" or the "Applicant") financial plan and feasibility to construct a 100 MW wind power project to be located in Coos County New Hampshire.

3. Cypress Associates LLC is a specialty financial services firm providing companies and investors with investment banking and advisory services across a focused range of disciplines including: Capital Raising; Mergers and Acquisitions, including Fairness Opinions and Valuations; Restructuring and Bankruptcy Advisory; and Litigation Consulting and Expert Witness Services

4. We understand that GRP is 75% owned by Noble Environmental Power, LLC ("NEP") and 25% by Freshet Wind Energy, LLC of Lyme NH.

5. On July 15, 2008, Christopher Lowe, CFO of NEP, testified that NEP would arrange for financing of the project through "various potential sources and structures to provide capital for construction equipment and operation…currently estimated to be approximately $275 million."

As of October 2, 2008, Mark Lyons of NEP stated that the project will be project financed, and that "We don't intend to finance this project until just prior to beginning construction which is some time off."

On February 9, 2009, GRP stated that it would demonstrate "financial capability" by showing that "the wind park possesses characteristics that would attract capital in normalized financing markets."

In its application, GRP stated that it would begin construction in May 2009 based on receiving regulatory approvals by April. As of this date, GRP has not presented or disclosed power purchase agreements, nor presented any specific financing plan, and identified sources of equity financing.

6. GRP had only $_____ in cash available as of August 30, 2008. GRP is a special purpose entity established primarily for the project. It is unclear how GRP will begin financing construction in May 2009.

7. GRP does not have a demonstrated ability to fund without project financing. In addition, funding may be difficult due to the limited operating history of Vestas 3 MW turbines. Furthermore, there has been no PPA disclosed,

and the project has a high cost per MW, and difficult construction and operating conditions. Finally, New Hampshire is a difficult market for Renewable Energy Credits due to available capacity from existing lower cost plants.

8. NEP was formed in August 2004 and is based in Essex, Connecticut. It is a privately held wind power project development company, with a significant pipeline of development and construction projects with similarly significant needs for capital. According to NEP's S-1 filing as of May 8, 2008 it has: 3 projects with 282 MW completed; 10 projects with 964 MW expected to be completed at the end of 2009; 7 projects with 705 MW currently in planning stage.

9. Recently, NEP put one of its projects in New York on hold.

10. NEP is primarily owned by private equity investors including JPMorgan Partners LLC, Canada Pension Plan Investment Board, and Rockfield Noble Holding, along with management. In 2006, JPMorgan Partners LLC became independent from JP Morgan Chase, and is now known as CCMP Capital Advisors LLC. JP Morgan Chase is still a substantial investor in this now independent entity.

11. NEP generally holds its projects in special purpose subsidiaries (i.e., GRP) and to date has financed projects upon construction with non-recourse debt financing and equity infusions.

12. Between 2004 and 2007 several new private wind power companies, including NEP, raised significant equity capital to develop projects relying on traditional project finance structures, turbine supply financing and energy hedges.

13. NEP has a limited operating history with only 7 wind farms in operation. There is uncertainty regarding other existing and planned NEP projects. As of September 30, 2008, NEP had a high debt to equity ratio with approximately $_____ of net debt and $_____ of equity. There appears to be limited capital available for GRP from NEP. In addition, currently NEP has limited ability to raise additional debt or equity funds for this project in the market. Any such debt would have a high cost and stringent repayment terms. Furthermore, there does not appear to be any formal backstop from existing NEP sponsors and investors for GRP. Finally, GRP has not set forth a financing plan or identified parties.

14. NEP has scaled back its development plans as a result of the turmoil in the financial markets. In December 2008, CEO Walt Howard stated "The Company remains dedicated to further construction and development in New York including the construction of the Noble Belmont Wind Park in Franklin County. However, given the continued state of uncertainty in the financial markets, the Company is unable to speculate on its 2009 construction and development plans." (NEP press release dated December 4, 2008).

15. The global recession is well underway and is impacting all financial markets including the energy and wind project finance segments. The equity, debt, and commodity markets have been highly volatile (but generally declining). The collapse of major financial institutions, including AIG and Lehman Brothers, that were previously significant players in renewable energy capital markets has further had an adverse impact. As a result U.S. alternative energy financings have all but disappeared.

16. The group of publicly traded windpower developers tracked by Cypress have lost 64% of their equity value since August 2008. NEP tried to go public via an IPO during the summer and fall of 2008. The IPO market is shut as of this time and it is not clear when it will return.

17. Larger wind power developers included Iberdrola, NextEra Energy (FPL Energy), NRG Energy and Shell, although wind is a relatively small part of their overall businesses. These companies generally have strong investment grade credit ratings, and are able to finance using their own balance sheets along with project financing.

18. Typically, project financings involve debt that is non-recourse to the equity sponsor, structured often in multiple tiers: "A" (senior bank), "B" (senior institutional investor) and "C" (subordinated institutional investor) loans, along with sponsor equity (plus tax equity for wind projects). Currently there are fewer

lead banks and much less syndication capacity available in U.S. and Europe. The "B" loan (institutional) market has evaporated. Banks cannot sell down their committed amounts to other participants and must keep their loans on their own balance sheet. Banks have overall credit limits on their total exposure to any borrower, further constraining capital available to finance projects even for the best corporate credits. Less strong credits, such as NEP, have much more difficult borrowing conditions using either their own balance sheet or a project financing structured deal.

19. Current energy project finance market conditions include a cost of debt financing that is 2%-3% higher than in the beginning of 2008 (when it's available). Further, the equity capital requirement up to 40-50% (versus 10-20%). A developer needs to have a long-term power purchase agreement ("PPA"), as shorter maturity "energy hedge" transactions are out of favor. The project needs to have fully amortizing debt over the term of the PPA. Lenders will not take any refinancing risk in this market. These higher project financing costs require higher electricity prices to service debt and generate lower returns to the equity investors.

20. Historically, wind developers needed the production tax credits ("PTC") tax benefits (2 cents per kwh) in order for the projects to be economic and readily financed. The PTC's were reviewed annually. When on several occasions Congress did not renew the PTC's, the number of new wind projects started would

fall off dramatically. Historically, a complicated tax-driven flip structure took the PTC's and moved them to institutional tax equity investors. Up to 18 banks were actively involved in the wind financing market at the peak in 2008. Now there are approximately 4 banks with appetite for tax equity.

21. The recently passed American Recovery and Reinvestment Act of 2009 provides for very substantial appropriations and tax incentives directed to the energy sector. It provides funds for renewable energy projects (primarily $60 billion of DOE guarantees). It also expands supported renewable energy sources.

22. The Act provides favorable tax benefits for wind developers. For projects completed by year end 2012, it allows wind developers to take the 2 cent per kwh Production Tax Credits ("PTC") over 10 years or convert them to a 30% Investment Tax Credits ("ITC") and take over 10 years or receive a cash grant equal to 30% of investment in the project at the time they place the project into service. In addition, developers will receive a 50% depreciation bonus for 2009 projects. These credits and grants provide very strong incentives for new equity providers. Very importantly, these new equity investors do not have to have the ability to use tax credits. They can select the cash option. This would expand the market from just the tax focused equity market. However, it is not clear at this time who the new equity investors might be, when they might appear in the market, or what their appetite for the credits will be like.

23. Does the proposed 100 MW project possess characteristics that would attract capital as a standalone project financing? Probably not, because NEP is a development stage highly leveraged equity sponsor, the Project has a high cost per MW and a difficult construction and operating environment. The lack of a long term PPA is a critical financing issue because it would be very difficult to find an energy swap in this market satisfactory to lenders. Even if one were found, it would generally have a shorter term than the PPA and as a result the project debt would not fully amortize. In this environment, lenders will want to see contracts that mitigate such risks.

24. Costly credit adds substantially to the project cost and therefore increases cost of the electricity produced. High required sponsor project equity also reduces developer returns and/or increases the cost of the electricity.

25. While there is uncertainty over effect of stimulus package, the provisions should be positive in the longer term and may eventually attract new equity players. This is critical to restarting financing for wind projects.

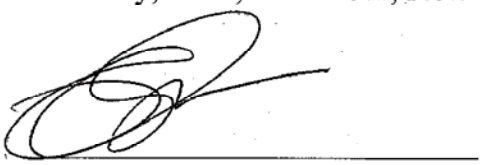
26. It can not be predicted when "normalized financing markets" will return or what they will look like. We expect still more darkness in the tunnel with respect to illiquid bank lending and capital markets.

27. Based on my experience in the alternative energy finance market and my review of materials pertaining to GRP and NEP, it is my opinion that there is

no financing plan for the project and the Sponsor does not have the capability to fund the project on its balance sheet.

28. The attached slides were prepared by Cypress under my direction and attached as Exhibit 2 and are incorporated herein.

Signed and sworn to under the pains and penalties of perjury this 24th day of February, 2009, New York, New York.



Jim Sundstrom
Managing Director
Cypress Associates LLC

February 2009

Exhibit 1: Curriculum Vitae of James Sundstrom

CYPRESS ASSOCIATES LLC

James Sundstrom
Curriculum Vitae

Jim Sundstrom joined Cypress as a Managing Director in its New York office in October 2008 where he provides strategic and financial advice to corporations, financial institutions and institutional investors. He also assists clients in capital raising transactions. Mr. Sundstrom has a broad range of M&A, restructuring and financing experience and has served clients in various industries including financial institutions, technology and alternative energy.

Prior to Cypress, Mr. Sundstrom worked with Rodman & Renshaw, LLC, where he was responsible for building the firm's banking activities focused on alternative energy and advanced technology clients. He completed the initial public offering for Comanche Clean Energy (bio fuels $88 million equity financing). Mr. Sundstrom also completed the Asia Auto Acquisition Corp $40 million financing and advised on various acquisition opportunities in China, India and the ASEAN region. He also completed a $40 million equity financing for BSEL, an Indian infrastructure developer. Mr. Sundstrom acted as financial advisor to Caithness Energy LLC, a major developer of wind generation power, for more than 10 years on numerous projects. He has longstanding relationships with equity and convertible equity investors.

Prior to joining Rodman in 2004, Mr. Sundstrom was a Managing Director at H.C.Wainwright & Co., responsible for the firm's financial advisory and capital raising activities for various alternative energy and advanced technology companies. He advised SensoNor (MEMS manufacturer) on its sale to Siemens, Plug Power on its acquisition of H-Power, and raised capital for Ultralife (an advanced battery systems manufacturer) and other alternative energy companies. From 1997 to 2000, Mr. Sundstrom was a Managing Director and Head of Private Equity Finance at Josephthal & Co. Inc. where he was involved with the financing and initial public offering of H-Power, and financing for other technology companies including Microvision, Metalogics, and Versaware.

From 1990 to 1997, Mr. Sundstrom was Managing Director and Head of International Corporate Finance at Prudential Securities Incorporated, responsible for developing and managing Emerging Markets corporate finance activities focused on technology and energy clients, executing mergers & acquisitions, privatizations, equity and debt financings and project financings in Latin America and Eastern Europe. He also worked with clients to acquire assets from the RTC and on other bankruptcy/restructuring assignments.

Prior to joining Prudential in 1990, Mr. Sundstrom was a Senior Vice President at Donaldson, Lufkin & Jenrette Securities Corporation where he was a member of the Financial Institutions Group. He was responsible for managing merger and acquisition assignments, restructuring and recapitalizations, tender-defense assignments, securities offerings and general financial advisory programs for financial services industry clients. While at DLJ, Mr. Sundstrom worked with private acquirers and the Resolution Trust Corporation.

Mr. Sundstrom started his Wall Street career at Kidder, Peabody & Co., Incorporated, which he joined in 1983 upon completion of his education. While at Kidder, Mr. Sundstrom was a member of the Financial Institutions Group working with Banks, Savings and Loans and Insurance Companies on capital raising and advisory assignments.

Mr. Sundstrom received his MBA from Columbia Business School and a BA from Clark University.

Exhibit 2

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE
SITE EVALUATION COMMITTEE
DOCKET NO. 2008-04

RE: APPLICATION OF GRANITE RELIABLE POWER, LLC FOR CERTIFICATE OF SITE AND FACILITY FOR GRANITE RELIABLE POWER WINDPARK IN COOS COUNTY

TESTIMONY OF JAMES SUNDSTROM ON BEHALF OF COUNSEL FOR THE PUBLIC

FEBURARY 2009

Objective of Cypress Associates Testimony

- The Counsel for the Public has retained Cypress Associates to assist in evaluating Granite Reliable Power, LLC's ("GRP" or the "Applicant") financial plan and feasibility to construct a 100 MW wind power project to be located in Coos County (the "Project").

- Cypress Associates LLC is a specialty financial services firm providing companies and investors with investment banking and advisory services across a focused range of disciplines including:
  - Debt and Equity Capital Raising
  - Mergers and Acquisitions Advisory
  - Restructuring and Bankruptcy Advisory
  - Litigation Consulting and Expert Witness Services

- Jim Sundstrom's background
  - Investment banker for 26 years, previously with Wall Street firms including: Rodman and Renshaw, Prudential Securities, Donaldson Lufkin & Jenrette and Kidder Peabody
  - Active in financings and advisory assignments for Alternative Energy companies for over 20 years including: project debt financing, public debt and equity offerings, IPOs and mergers and acquisitions

Overview of GRP

- GRP is 75% owned by Noble Environmental Power, LLC ("NEP"), and 25% owned by Freshet, LLC of Lyme, N.H.
- On July 15, 2008, Christopher Lowe, CFO of NEP, testified that NEP will arrange for financing of the project through "various potential sources and structures to provide capital for construction equipment and operation...currently estimated to be approximately $275 million."
- As of October 2, 2008, Mark Lyons of GRP stated that the Project will be project financed, and that the applicant did not "intend to finance this project until just prior to beginning construction which is some time off."
- On February 9, 2009, GRP stated that it would demonstrate "financial capability" by showing that "the windpark possesses characteristics that would attract capital in normalized financing markets."
- In its application, GRP stated that it would begin construction in May 2009 based on receiving regulatory approvals by early April 2009.
- As of this date GRP has NOT:
  - Presented or disclosed power purchase agreements
  - Presented any specific financing plan
  - Identified sources of debt or equity financing, or proposed terms thereof.

GRP Financials

REDACTED

GRP Capital Budget

REDACTED

Overview of NEP

- NEP, a wind power project development company, was formed in August 2004 and is based in Essex, Connecticut
- JPMorgan Partners LLC, Canada Pension Plan Investment Board, and Rockfield Noble Holding (composed of founders of NEP), along with management, are the principal equity investors in NEP
  - In 2006 JPMorgan Partners LLC became independent and is now known as CCMP Capital Advisors LLC. JP Morgan Chase is still a substantial investor in this now independent entity.
- NEP holds its projects in special purpose subsidiaries (i.e., GRP) and to date has financed projects upon construction with non-recourse debt financing and equity infusions from its owners
- NEP has a significant pipeline of development and construction projects. According to NEP's S-1 filing as of May 8, 2008 it has:
  - 3 projects with 282 MW completed
  - 10 projects with 964 MW expected to be completed at the end of 2009
  - 7 projects with 705 MW currently in planning stage
- "The company [NEP] remains dedicated to further construction and development in New York including completing the construction of the Noble Bellmont Windpark in Franklin County. However, ***given the continued state of uncertainty in the financial markets, the company is unable to speculate on its 2009 construction and development plans***."(1) (emphasis added)

(1) Source: NEP press release dated 12/4/08

NEP Existing & Proposed Project Pipeline as of May 8, 2008

Projects	State	Capacity(1) (MW)
Initial New York Windparks		
Bliss	NY	100.5
Clinton	NY	100.5
Ellenburg	NY	81.0
Capacity Subtotal		**282.0**
2008 Windparks		
Altona	NY	97.5
Bellmont	NY	21.0
Chateaugay	NY	106.5
Wethersfield	NY	126.0
Great Plains I	TX	114.0
Expected Capacity Subtotal		**465.0**
2009 Windparks		
Ball Hill / Villanova	NY	100.5
Centerville / Rushford	NY	100.5
Chateaugay II	NY	19.5
Great Plains II	TX	126.0
Mitchell County I (Phase I)	TX	153.0
Expected Capacity Subtotal		**499.5**
2010 Windparks		
Burke	NY	60.0
Farmersville	NY	100.5
Mitchell County I (Phase II)	TX	147.0
Mitchell County II / Pecos County	TX	150.0
Grandpa's Knob	VT	72.0
Granite Reliable(2)	NH	75.0
Flat Hill I	MN	100.5
Expected Capacity Subtotal		**705.0**
Total Expected Capacity Through 2010		**1,951.5**
2011 / 2012 Windparks		
Expansions of existing windparks		800.0
New windparks in existing states		550.0
Windparks in new states		550.0
Estimated Capacity Subtotal		**1,900.0**
Total Expected Capacity through 2012		**3,851.5**

Note:

Source: Noble Environmental Power, LLC Form S-1 dated 5/8/08

"(1) These megawatt numbers represent the megawatts NEP expects to have in operation during these periods.

(2) This megawatt number represents the net megawatts allocated to NEP after deducting the anticipated 25% interest of its potential partner in the development of this project. The size of the windpark to be developed at Granite Reliable is expected to be 99 MW."

(3) NEP press release, December 4, 2008.

- As of May 2008 NEP had a very aggressive project pipeline.
- In December 2008, CEO Walt Howard addressed the uncertainties in the windpower financing market ***"given the continued state of uncertainty in the financial markets, the company is unable to speculate on its 2009 construction and development plans."(3)***

NEP Financial Statements

REDACTED

NEP Financial Statements

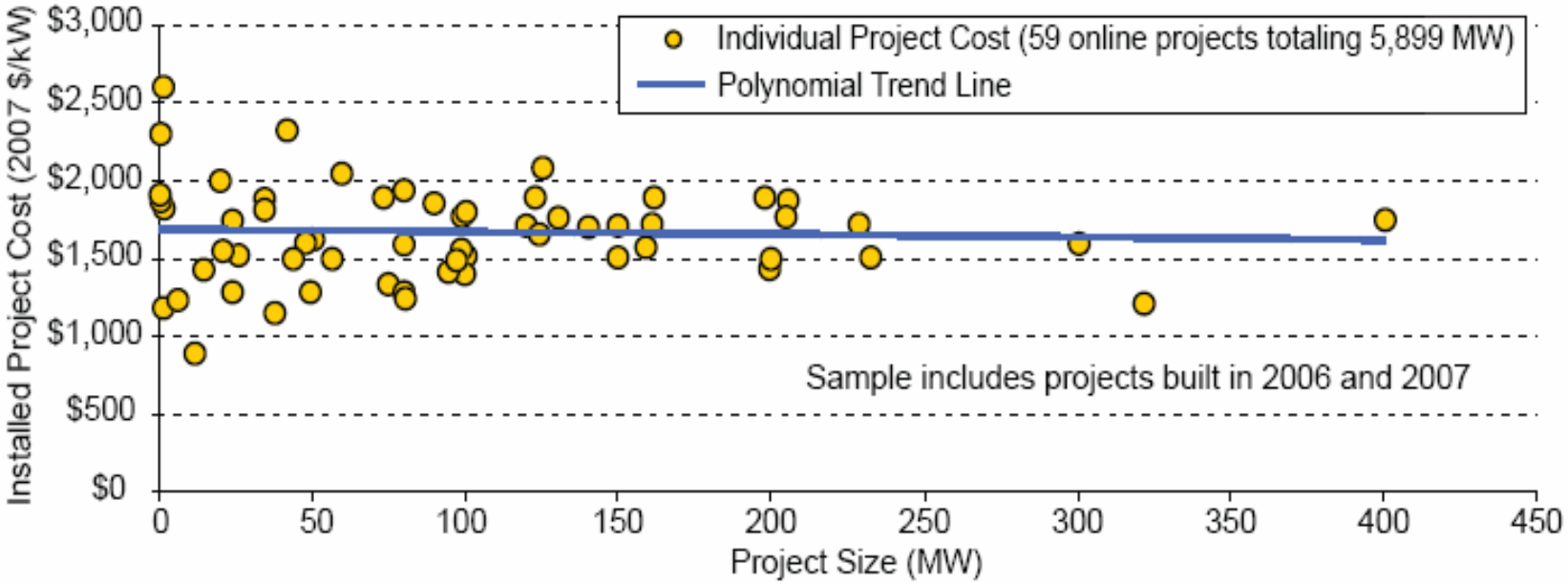
REDACTED

NEP Financial Statements

REDACTED

Wind Project Build Costs

Installed Wind Project Costs (2006-2007 Projects)



Source: Berkeley Lab database as presented in U.S. Department of Energy Annual Report on U.S. Wind Power Installation, Cost and Performance Trends published in May 2008.

- Based on U.S. Dept of Energy data, the average cost of all projects in this period was approximately $1.5 million per MW, including 100 million MW projects.
- According to the U.S. Dept of Energy, the average cost estimate for the 2,950 MW of proposed projects which are expected to be built in 2008 is $1,920/kW, or $210/kW higher than for projects completed in 2007.
- Based on the project budget GRP is expected to cost in excess of $2.75 million per MW, which is significantly higher than most of the projects completed in 2006-2008.

Windpower Developers- Overview

- Larger developers included Iberdrola, NextEra Energy (FPL Energy), NRG Energy, Shell
  - Wind is a relatively small part of their overall businesses
  - Able to finance using their own balance sheets along with project financing
- Publicly traded wind developers are generally small independent operators like NEP
- Between 2004 and 2007 several new private windpower companies, including NEP, raised significant equity capital to develop projects relying on traditional project finance structures, turbine supply financing and energy hedges
- NEP along with First Wind and Crownbutte Wind Power attempted to go public in 2008. However market conditions changed in the fall and none of the companies have been able to complete their respective IPOs.

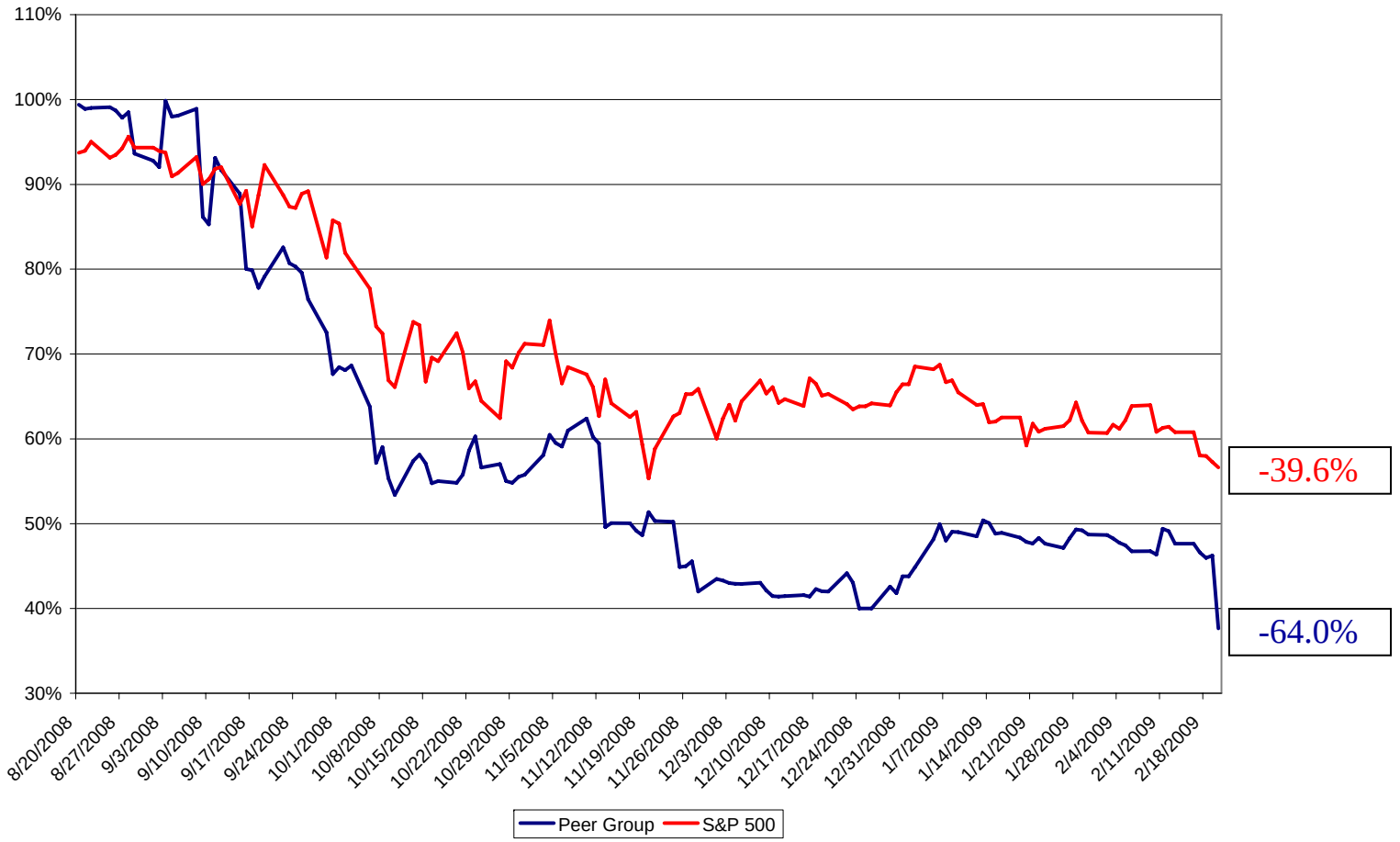
Overview of Capital Market Conditions

- Global recession underway
- Financers deleveraging
- Very limited liquidity in bank/capital markets for sub investment grade credits
  - Low/no risk appetite by lenders and investors
    - Senior debt at 8- 10% and greater returns
    - Subordinated debt at 20% returns
- Highly volatile (but generally declining) equity, debt, and commodity markets
- Collapse of energy and other commodities prices
- No U.S. alternative energy financings have been completed since late last year.
- Collapse/restructuring of major financial institutions previously involved in renewable energy capital markets, e.g. AIG and Lehman Brothers.

Comparable Companies

Last six months Price Performance Analysis

- Publicly traded windpower developers have lost 64% of their equity value since August 2008.



Note:

Peer Group include Clipper Windpower Plc, Theolia, Sea Breeze Power Corp, Plambeck Neue Energien AG and Good Energy Group Plc. Source: Bloomberg

Current Power Project Finance Market Conditions

- Project financing generally involves
  - Debt that is non-recourse to the equity sponsor often in multiple tranche structures: A, B and sometimes C loans
  - Sponsor equity (plus tax equity for wind projects)
- Fewer lead banks
- Less syndication capacity available in U.S. and Europe
  - "B" loan (institutional) market has evaporated
    - Banks must provide all of the financing
  - Banks must keep their loans on their own balance sheet
    - Banks cannot sell down their committed amounts to other participants
    - Banks have overall credit limits on their total exposure to any borrower, further constraining capital available to finance projects
  - When its available, the cost of debt financing is 2%-3% higher than in the beginning of 2008
  - Higher debt costs require higher electricity prices to service debt
- Equity capital requirement as high as 50% (versus 10-20%)
- Need long term power purchase agreement ("PPA")
  - "energy hedge"(1) transactions out of favor
- Fully amortizing debt, over the term of the PPA
  - Lenders not taking refinancing risk

(1) Transaction where the project pays a floating energy price and receives a fixed energy price during the term of the swap, generally for up to 5 years. A term that is generally shorter than a PPA.

Wind Financing Market

- Historically, wind developers needed the production tax credits ("PTC") tax benefits (2 cents per kwh) in order for the projects to be economic and readily financed. The PTC's were reviewed annually. When on several occasions Congress did not renew the PTC's, the number of new wind projects started would fall off dramatically.
- The complicated tax driven institutional investor flip structure took the PTC's and moved them to taxable institutional tax equity investors.
  - Up to 18 banks at the peak in 2008
  - Now ~4 banks
- Amount of equity required in wind projects has increased from 10-20%
  - Currently 40%-50%
- Historically, project interest rates set at margins of up to 2% over Treasuries on the Senior Tranches
  - Currently at a margin of 5% over Treasuries
- Turbine supply and demand currently in line
  - Some manufacturers such as GE still provide financing to their customers
- New Stimulus Act provides significant incentives for wind developers

Recent Wind Power Project Financings

Announced Date	Project Name	Location	Project Cost (US$)	Financed Date	Project Sponsor(s)	Capacity (MW)	Pricing	Cost per MW
12/19/2008	Heartland Wind Refinancing Project	North Dakota and Iowa	548.0	12/19/2008	Florida Power & Light Co(FPL)	309	floater	$ 1.773
12/01/2008	Willow Creek Winds Project	Oregon	152.6	12/31/2008	Invenergy LLC	72	floater	$ 2.120
12/01/2008	Sheldon Wind Project	New York	241.3	12/31/2008	Invenergy LLC	113	N/A	$ 2.145
06/01/2008	Mount Storm Wind Farm Phase 2	West Virginia	204.0	06/01/2008	Shell WindEnergy Inc	100	N/A	$ 2.040
05/15/2008	EnXco Turbine Supply	Minnesota	79.0	05/15/2008	enXco Inc	111	N/A	$ 0.714
05/13/2008	Third Planet Windpower Development Project	Texas	15.0	05/13/2008	Third Planet Windpower, LLC	250	N/A	$ 0.060
04/01/2008	Butler Ridge Project	Wisconsin	138.3	04/30/2008	Babcock & Brown Inc	54	N/A	$ 2.562
04/01/2008	Eurus Bull Creek Wind LLC Project	Texas	346.0	06/13/2008	Eurus Energy America Corp	180	L+137.5bp	$ 1.922
04/01/2008	Majestic Wind Farm Project	Texas	165.7	07/25/2008	Babcock & Brown Ltd	80	N/A	$ 2.071
03/05/2008	Noble Power 2008 New York Windfarm Portfolio	New York	875.0	06/27/2008	Noble Environmental Power LLC GE Energy Finl Svcs Inc	465	Term: L+175bp LOC: L+175bp	$ 1.882
03/05/2008	Grand Ridge Windfarm Project	Illinois	209.0	05/21/2008	Invenergy Wind LLC	99	N/A	$ 2.111
03/05/2008	McAdoo Windfarm Project	Texas	319.4	05/23/2008	Invenergy Wind LLC	150	L+100/112.5bp	$ 2.129
02/05/2008	Cascade Wind Turbine Supply	Washington	216.0	02/05/2008	Cannon Power Corp	299	N/A	$ 0.722
01/15/2008	Texas Gulf Wind Project (Kenedy Construction)	Texas	629.0	02/15/2008	Babcock & Brown Ltd	283	N/A	$ 2.223
01/07/2008	Tatanka Wind Power LLC Project	North and South Dakota	342.0	01/07/2008	Acciona Energia SA	180	N/A	$ 1.900
11/14/2007	Shiloh II Wind Project	California	387.60	11/05/2008	enXco Inc	150	L+137.5bp	$ 2.584
11/01/2007	Sherbino I Wind Farm Project	Texas	262.00	02/01/2008	Padoma Wind Power LLC BP Alternative Energy America	150	N/A	$ 1.747
10/17/2007	Texas Windfarm Project	Texas	315.50	01/09/2008	Renewable Energy Systems	165.6	N/A	$ 1.905
07/25/2007	Forward Energy Windfarm	Wisconsin	258.50	02/01/2008	Invenergy Wind LLC	129	N/A	$ 2.004
04/01/2007	Wessington Springs Wind Project	South Dakota	106.90	04/18/2008	Babcock & Brown Inc	51	N/A	$ 2.096

Note:

Source: SDC Platinum

- 3 projects financed in 2nd half of 2008 versus 12 in the first half.
- No financings completed in the last 2 months

American Recovery and Reinvestment Act of 2009

- Provides funds for renewable energy projects
  - New Section 1705 is supposed to support more than $60 billion of loan guarantees by the DOE for projects that commence construction by Sept. 30, 2011.
- Expands supported renewable energy sources
- Provides favorable tax benefits for wind developers
  - For projects placed into service by year end 2012, allows developers to take PTC over 10 years or a 30% Investment Tax Credits (“ITC”) over 10 years (which can be transferred to another corporation), or receive 30% of their investment in a cash grant at the completion of the project.
  - 50% depreciation bonus for 2009 projects
- This is an attempt to find new equity providers; however, it is not clear who they might be at this time.
  - The new equity providers do not need to be a “tax” investor in order to claim the 30% cash investment benefit
- DOE expect to rollout the new loan and guarantee programs by early summer 2009.

GRP Issues

- No financing plan
- No financing parties
- No demonstrated ability of developer to fund without project financing
- Project financing issues:
  - Limited operating history of Vestas 3 MW turbines
  - Transmission constraints
  - No PPA disclosed
  - High cost per MW
  - Difficult market for Renewable Energy Credits (“REC’s”) in New Hampshire due to existing lower cost plants, e.g. Schiller

NEP Issues

- NEP has a limited operating history
  - 7 windfarms in operation
- There is uncertainty regarding other existing and planned NEP projects.
  - New York project halted

REDACTED

- Limited capital available for GRP, and for entire development portfolio - **REDACTED**
  - Halted work on Bellmont project
  - In December 2008, admitted future development plans uncertain due to financial market conditions
- Limited ability to raise additional funds for this project in this market.
- High cost of funds and stringent repayment terms.
- No apparent backstop from existing NEP sponsors/investors for GRP.

What is required today to demonstrate the financial viability of the project?

- Wind resource data
- Long term Power Purchase Agreement with creditworthy party
- Proposals or Commitment Letter from lead bank, along with detailed term sheet for construction loan
- Commitments from project equity for the balance of the capital budget (to arrive at 100% committed financing), should be 40-50% of the project cost in this environment
- Financial forecast for the life of the project, showing
  - Ability to fully payoff project term loan debt
  - Competitive power cost
  - Adequate decommissioning cost

Conclusions

- Does the proposed 100 MW Project possess characteristics that would attract capital as a standalone project financing?
  - High cost per MW
  - Difficult construction and operating environment
  - The lack of a long term PPA is critical financing issue; energy hedges out of favor with lenders
  - NEP is a development stage, highly leveraged equity sponsor
  - Extremely difficult and expensive financing environment requires much more conservative financing structure.
- Costly credit adds substantially to the project cost and increases the cost of power
- High required sponsor project equity reduces developer returns and/or increases the cost of power
- Uncertainty over effect of stimulus package; the provisions should be positive in the long run and may attract new equity players. This is critical to restarting financing for wind projects.
- It can not be predicted when “normalized financing markets” will return or what they will look like
  - Still more darkness in the tunnel with respect to illiquid bank lending and capital markets