



ALYRA RENEWABLE ENERGY FINANCE ADVISORS

Risk Allocation Trends in Wind Power Projects

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An introduction to Alyra

Alyra assists renewable energy developers achieve competitive solutions in finance and strategy.

Recent Assignments

- Advising McKnight Foundation on program related investments (PRI) to induce growth of “community wind” projects.
- Advised Tenaska, a major power developer, on financial structuring issues.
- Advised Clipper Windpower on potential joint venture and market development opportunities.
- Advised Platts, a global energy think tank owned by McGraw Hills, on structural issues and emerging trends in the US renewable power industry. The work culminated in a major publication by Platts.
- Advised Jasper Energy on wind project financial structuring.
- Advised Invenergy, a major development company led by Michael Polsky, on financing of a wind project in Tennessee.

Scope of Services

- Be the “Ideas Shop”
- Complete Financing Solutions
- Contract Negotiations

Core Competencies

- Broad Renewable Finance Expertise
- Deep Knowledge of Markets
- Significant Wind Industry Network



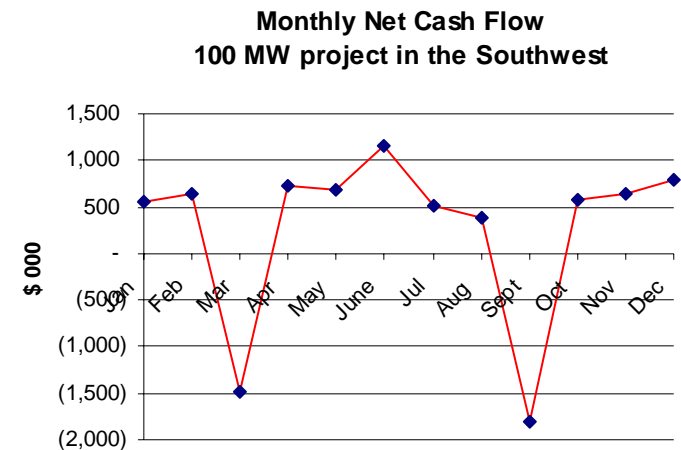
Major trends in risk allocation in wind power financings

- The story of the one elephant.
- Forecasts are as good as the data.
- We are now much smarter about wind forecasting -- the preeminent risk driver.
- We are now focusing more on the process, rather than just on the product.



Schedule Imbalance Risk

- Schedule imbalance risk is a dispatch/forecasting issue.
- Gradually, the risk is being pushed to the project level.
- A dynamic risk – influenced by a host of events and markets.
- Introduces merchant risk to project.
- Classic risk allocation rule in project finance – who is capable of managing the risk most efficiently?
- A policy issue.





All-Equity Financings

- An innovative financing solution.
- More importantly, a smart risk mitigation structure.
- Tax investors trading lower return for lower risk.
- Minimum gain chargebacks - an example.
- The most efficient way to manage a substantial tax chargeback risk.
- Introduces some competition in the equity sources.



Recent Debt Market Activity

Date	Project	Debt Size (US\$)	Capacity (MW)	Sponsor	Tax Equity	Avg DSCR	Term	Pricing
Jul-03	American Wind, CA, TX, MN, NM, WI & IA	380.0	697.0	FPL	FPL	1.5	20	T+295 bps (6.64%)
Sep-03	Northern Wind, MN	82.2	97.5	enXco	BankOne	1.4	15	L + 175 / 212.5
Oct-03	Colorado Green, CO	128.0	162.0	Shell/PPM	Shell/PPM	1.6	14	L + 175 / 212.5
Nov-03	Trent Wind Farm, TX	74.3	150.0	AEP	AEP	1.5	8	L+ 200 / 250
Dec-03	Stateline, WA & OR	126.0	300.0	FPL	FPL	1.6	14	L+ 175 / 212.5
Jul-04	Brazos, TX	87.5	160.0	Shell/Mitsui	Shell/Mitsui	1.5	9.5	L+ 175 / 212.5
Aug-04	Three Wind Holdings, CA & WY	123.2	152.4	Shell/Goldman Sachs	Shell/Goldman Sachs	1.5	15	L + 150 / 200

Forthcoming:

**Top Tier – Shell/Entergy
Kaheawa Wind, Hawaii – UPC Wind**



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Alyra was founded in January 2004 by Mohammed Alam, following his energy banking career with Fortis Capital Corp., where he led a range of origination, structuring and restructuring of renewable and conventional power transactions. Before Fortis he worked at GE Capital's Capital Markets Group, focusing on structuring and advisory activities in the Latin American power and infrastructure sectors. Earlier, he started his finance career at Brown Brothers Harriman, focusing on emerging markets research. Mr. Alam holds a Master's in Public and Private Management degree, with scholastic excellence award, from the Yale School of Management and a BS, summa cum laude, in International Management and Finance from the University of Massachusetts. Mr. Alam has been invited as speaker at international energy conferences and he authored articles for leading energy publications.