Outline

1. First Wind Overview
2. Comparison of long term contract opportunities across core markets
3. How important are long term contracts
4. Key aspects of a long term contract
5. Challenges and opportunities of NE long term contract options
Overview

- Founded in 2002 and headquartered in Boston with 200+ employees at offices and project sites around the U.S.
- Wind projects range from 15 – 205 MW, situated on private, state and federal lands
- Vertically integrated to develop projects from conception through operations
- Successfully raised over $6 billion to convert development projects into operating assets
- Utilize innovative technology and transmission solutions to bring stable, long-term contracts to utilities and customers in high-demand markets
Vertically integrated renewable energy solution provider to develop projects from conception through operation

Phase of Project Development

**Development**
- Prospecting for and analysis of optimal site conditions:
  - Wind resource
  - Site constraints
  - Transmission and markets
- Met campaign and resource analysis
- Turbine assessment and procurement

**Construction**
- Project financing
- Unique transmission and BESS builds
- EPC contracting model with industry leading construction companies:
  - Mortensen
  - RMT
  - Reed & Reed

**Operations**
- Full O&M
- Vendor warranty oversight
- Regulatory compliance
- DACC and SCADA analysis and reporting
- Commercial/utility relations
Core Markets

**WEST**
- Palouse 105 MW
- Milford II 102 MW
- Milford I 204 MW
- Kawailoa 69 MW
- KWP II 21 MW
- KWP I 30 MW

**HAWAII**
- Kawailoa 69 MW
- KWP II 21 MW
- KWP I 30 MW

**NORTHEAST**
- Mars Hill 42 MW
- Stetson I + II 83 MW
- Rollins 60 MW
- Sheffield 40 MW
- Steel Winds I 20 MW
- Steel Winds II 15 MW
- Cohocton 125 MW

**TOTAL**
- 751 MW | 229 MW

- Operating Project
- Construction Project
- Advanced Development
- First Wind Office, HQ

Proprietary & Confidential
## Core Market Contract Comparison

<table>
<thead>
<tr>
<th></th>
<th>Northeast</th>
<th>West</th>
<th>HI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Market Driver</strong></td>
<td>State level RPS and legislative mandates for long term contracts</td>
<td>California demand for renewable energy and high RPS requirements</td>
<td>High energy prices and dependence on imported fuel</td>
</tr>
</tbody>
</table>
| **Potential Offtakers** | • Northeast utilities  
  • Universities/colleges  
  • Public entities  
  • Private entities | • CA utilities  
  • Other western utilities | • HI utilities |
| **Negotiation Trigger** | • RFP issued by utility or legislative authority  
  • Bilateral discussions | • RFP issued by utility  
  • Bilateral discussions | • Bilateral discussions |
| **Standard Product**  | Energy and REC contracts (bundled or unbundled) | Long term bundled PPA | Long term bundled PPA |
| **Contract Tenor**    | Bundled: 10 - 25 yrs  
  Unbundled:  
  Energy – 10 to 15 yrs  
  RECs – 10 yrs | 20+ years | 20+ years |

16 of 16 Operating / Under Construction Projects have a Long Term Contract (LTC); Each Project Must Have a LTC Before Construction Starts
Importance of Long Term Contracts

• Availability of long term contracts will ensure that renewable projects get built, bring investment and new sources of clean power, and help Massachusetts meet its renewable power and climate goals

• Long-term contracts are necessary to finance and build renewable projects given the current energy, REC, and financial markets
  – Groton, Hoosac, Bull Hill (109 MW total)

• A shortage of these opportunities is a major reason why the addition of renewables in New England in 2011/2012 is expected to be significantly smaller than RPS growth
  – NSTAR’s 2010 RFP was extremely competitive, with qualifying bids for ~2,500 MW of supply (20 X capacity sought)

LTC’s can reduce seller and buyers’ exposure to highly volatile short-term power and REC prices, and they can keep power and RPS compliance costs down.
Importance to a Developer

Why are these contracts so important to a developer?

- It’s all about financing
  - Provides revenue certainty for a significant portion of the project life and allows us to attract long term capital
  - Financing selection (tax equity, project debt, etc.) will depend on many factors, but is heavily influenced by the long term contract structure
  - Merchant revenue streams increase risk and uncertainty, and are typically not valued (or are discounted heavily) by lenders and investors
  - In turn, the project requires more of our own equity to get built (prefer to use for further development)

- Reduces developer exposure to commodity market volatility
  - We are exposed to commodity price volatility in prospects/early stage developments
    - Want to reduce risk as early as possible
Key Aspects of Long Term Contracts

• Important aspects:
  – Tenor
  – Products offered (e.g., Energy, RECs, capacity)
  – Price (fixed, flat with escalation, floor/ceiling)
  – Volume (as generated, guaranteed fixed)
  – Collateral requirements (LC, liens, etc.)
  – Investment grade counterparty

• Challenging aspects:
  – Delivery guarantees (MWh)
  – Liens
  – Cure periods
  – Collateral sizing
  – Regulatory Risk (RECs)
Opportunities and Challenges of NE Contracts

• Opportunities
  – Utility RFPs
  – Colleges (i.e., Harvard)
  – Municipalities
  – Other (Google, Staples)

• Challenges
  – Not enough opportunities
  – Power prices have declined
To learn more about clean, renewable wind energy, visit:

www.firstwind.com

First Wind
179 Lincoln Street
Suite 500
Boston, MA 02111