



**ENERGY
NORTHWEST**

Business Development Generation

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Business Development - Generation

✦ Business Goals

- Prioritize Development Efforts According to Member & Regional Public Power Needs
- Assist Members with Generation Resources, Transmission Integration, and Power Management Issues
- Offer Cost Competitive Resource Options that Manage Risk and Promote Environmental Stewardship
- Position EN as a Recognized Top Regional Generation Developer

Business Development - Generation

✦ Scope of Business

- Develop Wholesale Power Options for Members & Public Power
 - Generation Resource Development
 - Wholesale Power Structuring & Negotiation
 - Strengthen EN Relationship with Member General Managers & Power Managers
- Evaluate, Offer, & Develop Power Generation
 - Technology Evaluation
 - Business Plan & Feasibility
 - Financial Proforma & Preliminary Structuring
 - Project Siting
 - Secure Project Development Investors
 - Negotiation & Execution of Joint Development Agreements
 - Risk Management Assessment & BOD Approval
 - Develop Project or PPA Offering
 - Aggregation of Utility Participants or PPA
 - Power Purchase Structuring & Agreement Negotiation
 - Project Permitting & Supply Agreements
 - EPC Negotiations & Agreements
 - Project Financing
- Construction Management Oversight
 - Startup and turnover to Operations and Maintenance

Business Development - Generation

✦ Budget Anticipates

- Continued Public Power Interest in Renewable Generation Supply to Comply with State Policies such as the Renewable Portfolio Standard
- Growing Interest in Base-load & Peaker Generation for Public Utility Load Growth and Renewable Integration as BPA System is Fully Allocated
- Increased Need for Wholesale Power System Assistance to Understand and Evaluate BPA Tier 2 Alternatives and Emerging Energy Policies
- Continued Evaluation of Emerging Renewable Technologies and Distributed Generation Options
- Active Power Management Program for Grays Harbor Option
- Fund Raising for at least 75% of Project Development Costs

Business Development - Generation

✦ Thermal Resource Generation

■ Kalama

- Continue to Implement Agreement to Complete Project Permitting and Development
 - EN Paid as Developer
 - All Development Costs Recovered-\$1-1.5 Million(\$687 in 2011)
 - Power Option for Public Power
 - NG Peaker Site Option for EN for Power Shaping
- Market Kalama Energy to Regional Utilities
 - EN Retains Ownership Until Project Finance
 - \$5 Million Payment at Project Finance
 - EN Option for O&M

■ NG Peaker Business Plan & Feasibility

■ Modular Nuclear

Business Development - Generation

- Renewable Resource Generation
 - Solar
 - Energetics - Complete Construction Oversight - 5MW project
 - Obsidian - Re-engage Project Development & Marketing
 - Evaluate New Opportunities
 - Wind
 - Radar Ridge
 - » Complete EIS/ITP/CUP Permitting
 - » Complete Conceptual Design & Cost Evaluation
 - » Finalize Financial Proforma for CREBs & Private Investor
 - » Develop Project Offering
 - » Market Project and/or PPA
 - Complete Mustang Ridge Feasibility
 - Suspend Wind Prospecting in 2012
 - Wood Biomass Feasibility
 - Geothermal Feasibility

Business Development - Generation

- Power Management & Supply
 - Power Management of GH 50 MW Option
 - Utility Wholesale Power Support & Management Outreach
 - Strengthen EN Relationships with Member Utilities
 - » Meet with General Managers & Power Managers
 - » Customize Efforts to Meet Utility Needs
 - Provide Advisory Support and Evaluation
 - Transmission Integration
 - Integrated Resource Planning
 - BPA Tier II Alignment

Financial Summary - Generation

(Dollars in Thousands)

<u>Description</u>	<u>Revenue</u>	<u>Costs</u>	<u>Gross Margin</u>
Kalama Energy Project		\$ 106	\$ (106)
Other Generation		513	(513)
Modular Nuclear	35	35	-
Solar		102	(102)
Wind Generation	229	886	(657)
BioMass		150	(150)
Power Management & Supply	2,925	2,865	60
Total	<u>\$ 3,189</u>	<u>\$4,657</u>	<u>\$(1,468)</u>

Gross Margin - () Unfavorable

Budget Book Reference: BDF Tab, Table 2, Page 6 for the FY 2012 Budget

Financial Summary Generation - History (Dollars in Thousands)

	FY08	FY09	FY10	FY11 LRE	FY12 Budget
Net Spending	\$ 411	\$2,231	\$ 660	\$558	\$1,468