



A Midwest Wind Energy-NPPD Joint News Release

NPPD agrees to purchase power from new wind-powered facility near Bloomfield

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For Immediate Release

Columbus, Neb - The Nebraska Public Power District, along with Midwest Wind Energy, LLC and its affiliate Elkhorn Ridge Wind, LLC, announced today that after several months of negotiations the parties have executed a 20-year power purchase agreement that will pave the way for construction of Nebraska's largest wind farm near Bloomfield, Neb.

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The 80-megawatt Elkhorn Ridge wind energy project, to be constructed by the end of 2008, is expected to produce an amount of energy equivalent to the amount of electricity used by approximately 25,000 Nebraska residences in a year. The project is a direct result of NPPD's efforts to expand participation in wind development by issuing a Request For Proposal last July for wind projects up to 100 megawatts in size.

That request yielded 10 proposals from seven different developers that NPPD eventually pared to three projects for further negotiations. Elkhorn Ridge is the first project to reach a successful agreement with NPPD, based on achieving the lowest cost of energy when combining the power purchase agreement and associated transmission costs. Under terms of the agreement, Elkhorn Ridge Wind, LLC will own and operate the facility, and NPPD will purchase the output. The final negotiated price between NPPD and Midwest Wind Energy is proprietary, but compares favorably with the cost of NPPD owning and operating such a project or purchasing energy in the open market.

"We are gratified to be the first independent power producer to successfully negotiate a power purchase agreement with NPPD, and we look forward to starting construction right away," said Mike Donahue, spokesman for Elkhorn Ridge and executive vice president

of Midwest Wind Energy, the Chicago, Ill., based company that submitted the proposal for the project on behalf of its affiliate, Elkhorn Ridge Wind, LLC.

"This project demonstrates how the public and private sectors can work together to provide reliable, renewable energy to Nebraska's customers," Donahue said. "Hopefully, this will provide a model for more public-private opportunities in the future," he said.

The project is structured to comply with Nebraska's Rural Community-Based Energy Development Act (C-BED), which requires that not less than 33 percent of the power purchase agreement payments over the 20-year agreement flow to Nebraska owners.

The Elkhorn Ridge power purchase agreement between NPPD and the private developer is the first of its kind in Nebraska. However, NPPD President and CEO Ron Asche said the utility is close to completing a contract with another wind energy developer for a 40 megawatt C-BED facility that will share a common substation with the Elkhorn Ridge wind energy project. That project will also be located near Bloomfield.

In addition to providing clean, renewable energy, the Elkhorn Ridge project will provide an economic boost to rural Knox County. According to Midwest Wind Energy, the project will cost \$140 million, will generate more than \$5.7 million in personal property taxes to local governments over a five-year period, and will pay more than \$325,000 annually in lease payments to landowners. In addition, approximately 15 percent of the total project cost, or \$21 million, will be invested in Nebraska for material and services needed to construct the project. More than 100 full-time construction jobs will be created during the nine-month construction period and six permanent jobs to operate and maintain the facility.

"NPPD considers wind-powered generation an essential component of our long-term power generation resource plan," said Asche. "We believe that having access to wind or other renewable generation resources will be beneficial as a hedge against increasing fuel costs at our other generating facilities and as a way to help meet our commitment to environmental stewardship. The NPPD Board recently confirmed this desire by increasing its long-term Strategic Plan goal to supply 10 percent of our customers' energy needs from renewable energy resources by 2020, assuming it is prudent and cost-effective to do so."

As it has at its 60-megawatt Ainsworth Wind Energy Facility, NPPD will be working towards partnering agreements with other public power utilities to share the electric output of the new wind-generation projects. Discussions are currently underway with Omaha Public Power District, Lincoln Electric System, Municipal Energy Agency of Nebraska and Grand Island Utilities.

A groundbreaking ceremony is being planned for the near future.