

Don Delaney

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Sent: Saturday, January 17, 2009 10:33 AM
Attach: Merrill Lynch - Sumitomo Presentation - Jan 14, 09 - FINAL.pdf
Subject: Dave Spalding - Wind Plus - Update....

All -

Below is a wonderful article about new developments in the renewable energy business.

Also, attached is the presentation, in PDF format made by Merrill Lynch to Sumitomo on Thurs. Jan 15, 09 in NYC. Sumitomo is a very large \$200B Japanese company interested in purchasing the NDR Project One -- our combined solar thermal / wind project.

Additionally, the desire to purchase the No Deer Run wind site only by E On Ag, large German wind company is still in serious ongoing negotiations.

The Merrill Lynch / Sumitomo meeting was very successful -- Sumitomo wants more detailed information on the "power purchase agreements", a thorough review of the financial model with Merrill Lynch & KPMG and ideas to create immediate "cash flow" -- Not waiting 3 yrs plus.

The MOST IMPORTANT -- Sumitomo considers the Muni Tax Free Bond financing as very unique and "thinking outside the box" for the project financing. This gets the project built ASAP.

Comments...

The door is still open for additional Note Holders help....

"HARD WORKING DAVE"....

Thank you,

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House bill to include billions in grants for wind projects

Jan. 16, 2009

-By Martin Vaughan, Dow Jones Newswires

House lawmakers are proposing to give solar and wind energy producers billions in government grants instead of tax credits to build renewable energy capacity, potentially transforming the way renewable energy projects have been financed for years. The new grant program, which will be administered by the Department of Energy, is part of House economic stimulus legislation announced Thursday, details of which are still emerging.

The new funding, which temporarily replaces the tax credit that wind and solar projects have long relied on with direct government spending, underscores President-elect Barack Obama's commitment to double renewable electricity production in three years. Obama will give a speech on economic recovery Friday at a wind-turbine manufacturing plant in Ohio.

The grant program is meant to address the collapse of the market for renewable energy tax credits, part of the fallout of last fall's financial meltdown. Solar, wind, geothermal and other renewable forms of electricity production are now subsidized through federal tax credits. Developers of solar projects can receive a tax credit for 30% of their investment costs. Wind, biomass, geothermal and other alternative sources get tax credits based on how much electricity they produce, spread out over a 10-year period.

Large financial firms, including American International Group Inc. (AIG), Citigroup Inc. (C) and Wachovia Bank, historically have been the biggest users of the tax credits. But with the collapse of the banking sector and financial profits, banks no longer had enough tax liability to use the credits, putting new renewable power projects in jeopardy. Solar and wind groups lobbied Congress to make the tax credits refundable, so that they could get cash directly from the government and wouldn't need the middle-man tax credit investor.

But lawmakers rejected that approach, and instead proposed a move away from tax credit financing altogether to support the industry through grants. While full details of that approach had still not been made public late Thursday, a House Ways and Means Committee spokesman said the grant programs would be temporary. John Gimigliano, a principal in the national tax practice of accounting firm KPMG, said it is unclear what long-term impact the changes will have on the traditional model of tax credit financing.

"I think this has potential to change the whole dynamic of the way these deals have been done," he said. "One question is, does the developer need the investment bank anymore to get the deal done? If I'm going to get a big slug of money to service the debt, I may not need an equity partner in this deal anymore."

Besides the new grant program, the House stimulus bill would extend the production tax credit for wind by three years. Under current law, the credit expires at the end of 2009. Solar

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tax credits are already in place until 2016, after a multiyear extension in last year's financial rescue legislation.

"We are grateful for the three-year extension of the production tax credit and the new DOE grant program to ensure that renewable tax credits have value," said Denise Bode, chief executive of the American Wind Energy Association. "This bill puts us on the path to meet the president-elect's ambitious goals for clean energy."

The bill would also give wind farms the choice of either the production tax credit or the 30% investment tax credit now available only to solar and qualified fuel cell projects. Gimigliano said it is unclear how much of a benefit that will provide to the wind industry. The advantage is that investors in the projects could now claim the whole 30% tax credit in the year the facility is placed in service, instead of reaping benefits over 10 years under the production tax credit.

However, most industry observers believe the value of the production tax credit well exceeds 30% of the initial investment costs for most wind projects, Gimigliano said.

Congressional staff on the House Ways and Means and Senate Finance committees were wary of proposals to make the tax credits refundable, because refundable tax credits for businesses might be seen as corporate welfare, and there is little precedent for them. They explored several alternatives, including allowing the credits to be carried back for five years. That would have allowed firms that had profits as many as five years back to get refunds for any credits they generated.

The majority of wind energy producers, including Spain's Iberdrola, the world's largest producer of wind energy, opposed that approach because they did not have enough U.S. tax liability to make it worthwhile. Some utilities, including Florida Power & Light, lobbied for a 10-year credit carryback. But industry officials said a five-year credit carryback would have been much less helpful to the utility. That is because net operating losses incurred due to hurricanes in recent years have allowed the firm to recoup most of its federal tax liability in the last five years, according to these people.

- Dow Jones Newswires *****