

Don Delaney

From: "Steve Crane" <scrane@oasysnet.com>
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Sent: Thursday, October 22, 2009 9:23 AM
Attach: Creac One, Inc. IPO Presentation - Oct. 13, 09 DRAFT.pdf; Creac One - Market Valuation- Oct.13, 09 DRAFT.pdf
Subject: Fw: Dave Spalding - Creac One - Dallas, TX

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----- Original Message -----

From: Dave Spalding
To: itsob@sympatico.ca
Cc: scrane@oasysnet.com
Sent: Wednesday, October 21, 2009 4:11 PM
Subject: Dave Spalding - Creac One - Dallas, TX

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Jeff O'Brian --

This is a brief description of the IPO of CREAC One, Inc, a soon to be listed Toronto Stock Exchange "TSX" equity offering. CREAC stand for "Canadian Renewable Energy Asset Corp." This Canadian company will own 100% of a south Texas energy generation project, Texas Solar Wind One – "TSWO" or "Project", via a US C-Corp. named US Renewable Energy Asset Corp -- "USREAC".

The corporate structure of the Project yields benefits for investors. The structure proposed for the TSX equity offering allows for liquidity throughout the project life without triggering a US Federal Grant recapture, minimizes the payment of US taxes on the Federal Grant distribution (described later), allows for cash flow, share price appreciation, and takes advantage of Canada's more favorable dividend and capital gains tax regimes. The tax structuring has been prepared by KPMG – Calgary & KPMG – Dallas.

The specific generation Project, known as Texas Solar Wind One, combines wind energy generation with solar thermal energy generation. The Project will use "off the shelf" technology and predominately available equipment to construct and operate a power generation facility located in far southwest Texas with nameplate capacities of 125MW of wind power generation and 85MW of solar thermal power generation, with a gas fired thermal support system to generate electricity when economically advantageous. The Project will be constructed in the ERCOT west zone but the power from the Project will be delivered into the more lucratively

priced ERCOT South Zone power market via a proposed, short (50 mile) 138 KV private transmission line tie-in to the Comstock substation or with the proposed separately owned Bluebonnet Transmission Line.

The Project has pre-sell through long term Power Purchase Agreements "PPA(s)" 100% of the Project's combined wind and solar produced power through a Texas municipal utility to large credit worthy power resellers in the Texas market @ \$135/MW. The Project's base model assumes that approximately 60% of the combined wind and solar produced power, over the first 20 years of the Project, will be pre-paid. The municipal utility will raise the funds necessary for the pre-payment of the electricity through the issuance of taxable municipal bonds that are credit-enhanced by the US government – via the Federal Reserve TALF program. Management believes this structure will provide the Project with a substantial amount of capital at a very low effective cost. The funds from the power pre-payment will be sufficient to provide approximately 80% of the total capital required to complete the Project.

The Project is unique in that it combines both wind and solar electricity generation which have generally been developed separately. By combining these energy sources, it is expected that the synergy created will benefit the Project through a more reliable and higher priced power stream.

Wind capacity utilization tends to be highest in the fall, winter, evenings and night while solar generation capacity utilization is highest in the summer and afternoon. This difference in peak capacity utilization tends to smooth out the power generation profile of the Project. In addition, Texas allows an inexpensive natural gas-fired thermal support system to be added to the solar generation system which allows it to produce electricity on demand even when the sun is not shining. This thermal support system can be used to further manage the electricity generation profile.

By combining wind, solar and natural gas fired thermal support electricity generation the Project has created a valuable near base load profile generation capacity. With this base load power the Project has the unique ability to enter into profitable long-term 20 or 25 year Power Purchase Agreements "PPA(s)" which other traditional energy producers, with very significant fuel and resource price risks, can not offer. The thermal support also provides the Project with the ability to participate in the lucrative ERCOT Ancillary Services Market and get paid for spinning and non-spinning reserves and take advantage of significant market price spikes. So by combining wind, solar, and thermal support power sources the Project has created a valuable commodity that can command high prices and margins.

The ability to enter into profitable long-term PPAs and capitalize on the lucrative Texas Ancillary Services market is very positive but is not the full story. The US government's focus on green energy has resulted in a near term opportunity for the Project to receive (within 60 days of the Project's "in-service" date) 30% of its applicable capital costs back in the form of a cash grant. The Project believes that if it's base case assumptions are achieved the investors in the Project will receive all of their investment back within 75 days after the grant funds have been received by the Project (projected to occur in late 2012 or early 2013).

This gives the base model a projected internal rate of return "IRR" of approximately 25% over a 27 year period.

The roughly 25% IRR does not take into consideration the potential favorable impact a carbon cap and trade policy would provide. In 2009, as allowed under Federal law, the US Environmental Protection Agency (EPA) proposed specific carbon dioxide (CO₂) emission rules and regulations that would limit emissions. In July of 2009, the US House of Representatives passed the Clean Energy and Security Act (Waxman/Markey Bill), proposing the introduction of a cap and trade policy for carbon dioxide (CO₂) emissions.

The legislation, which is to be debated by the Senate in late 2009 or early 2010, may provide allowances for production of CO₂ emissions by some fossil fuel industries, including some possible allowances for merchant natural gas and/or coal-fired generators. To determine the economic impact needed to achieve the legislations proposed emission reductions the Texas PUC performed a study on carbon dioxide (CO₂) emission tax impact and concluded the price range could vary between \$25/tonne to over \$65/tonne, with substantial market impact at \$40/tonne plus. The overall effect for most Texas power plants in the ERCOT region means that certain, if not all fossil fuel power generation businesses could be financially impacted. It is generally agreed upon that specific carbon dioxide (CO₂) emissions legislation will be approved by Congress by Q1 of 2010.

Back in August, the Toronto Investment Bankers wanted our Creac One, Inc - the IPO of the West Texas Solar & Wind Project to complete five items --

- Review of tax leakage & structure by KPMG - nearing completion
- Complete & experienced management team – DONE
- TSX or SEC experienced Board of Directors - DONE
- Completion of our DATA Room - DONE
- Forward Market Valuation study- DONE

Finally, after 7 long weeks, we now have a skilled management team and an experienced Board of Directors selected. We still need to add 1 or 2 directors. Our last issue is the tax opinion and structuring letter from KPMG. I hope to have the "technical letter" letter late this week.

As you can see in the presentation - ATTACHED, we - **Creac One, Inc.** are nearing IPO completion, having the Toronto Stock Exchange (TSX) prospectus about 85% complete, trying to complete the IPO in mid Nov. 09 We are using Blakes Cassels in Toronto and Fulbright in Texas as our securities counsel.

Jeff – I would like to talk with you about a Board of Directors position -- Board compensation is \$85K / yr plus all expenses, plus \$25K per committee, plus stock options and warrants, including full D&O insurance.

We will have quarterly Dallas, TX board meetings with monthly teleconference calls.

10/24/2009

Please feel free to call me @ 817.354.3988 or Cell: 682.365.0420 –

Sincerely,

Dave Spalding
Wind Plus, Inc.
CEO
Creac, LLC
CEO
Irving, TX
