



**Important factors for land owner in providing an easement or lease to a wind farm developer are:**

-  • **Certainty of project being built.**
  - **Project being built sooner rather than later.**
  - **Fair and competitive terms.**
  
-  • **Knowing who the long term wind farm owner and operator will be.**

**What projects will be built, and which ones will be built first? Answer: Projects that have:**


- **Competitive costs,**
- **1 or more years of site specific wind data with detailed analysis,**
- **environmental studies completed or in progress,**
- **equity and debt financing secured, and**
- **experience related to transmission and distribution planning and development.**

Comparison of Utility and Developers



**How do utilities compare to developers in the Thumb?**

	<b>Utility</b>	<b>Comments / Questions for Developer</b>
Financing	<p>Funding readily accessible to utility.</p> <p>Detroit Edison does not absolutely need production tax credits to obtain financing.</p>	<p>Project financing uses limited equity (~20%) and high amount of debt (~80%) with the repayments to the lender coming from only the cash flow generated from the project. What measures has the developer taken to allow them to demonstrate a viable project to ensure financing will be obtained?</p> <p>Production tax credits (PTCs) are set to expire on 12/31/2008. Congress did not extend the credits last year. It is not known if these credits will be extended or for how long. To what extent is the developer relying on PTCs to ensure they have equity for their project? If the PTCs are not available beyond 2008, will the developer be able to complete a wind project?</p>
Construction contract	<p>Turnkey contract can be very competitive as utility does not absolutely need to have turnkey contractor assume all risks and contingencies.</p>	<p>How will developer ensure that construction contract will be competitively priced if it must cover risks and contingencies sufficient to obtain project financing?</p>
Wind, Environmental, and Other Data	<p>Utility may have obligation to comply w/ any Renewable Portfolio Standard (RPS) targets.</p> <p>Detroit Edison has initiated the following activities:</p> <ul style="list-style-type: none"> <li>- 5 sixty meter or higher MET stations in operation in Huron County. First data year will be completed</li> </ul>	<p>Has developer secured wind data yet? If so, what is its source?</p>

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	<p>in May 2008.</p> <p><b>Utility</b></p>	<p>Is it 60 meter or higher data?</p> <p><b>Comments / Questions for Developer</b></p>
<p>Wind, Environmental, and Other Data (continued)</p>	<p>- wildlife studies underway through highly respected independent environmental firm (beginning 2<sup>nd</sup> year with the 2<sup>nd</sup> spring migratory bird counts occurring in April 2008). US Fish and Wildlife Service and other environmental organizations require that wind siting be completed, balancing wind generation and wildlife protection concerns.</p> <p>- other studies regarding aviation restrictions and other concerns have been initiated</p>	<p>Have environmental studies begun?</p> <p>Is an industry respected independent environmental firm performing the studies?</p> <p>What other investigations have been started by the developer to help understand how much wind development can be completed in a particular area?</p>
<p>Power purchase agreement in place</p>	<p>A utility engaged in wind development, construction, and operation does not need a power purchase agreement.</p> 	<p>Has the developer successfully bid for power purchase agreements for large wind energy farms before? How does the developer know that this project will be among the winning PPA bids from all of Michigan?</p>
<p>Equity and debt financing secured</p>	<p>Project funding is available and only requires Board of Director's approval.</p>	<p>What are the developer's specific plans for equity and financing? Who are the sources? Are there any letters of intent from lenders?</p> <p>A Lender's engineer will determine viability to lender's satisfaction based on many items including evidence of wind data collection and quality,</p>

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		comprehensive environmental due diligence (e.g., wildlife studies), land availability, and investigations of other aspects of wind turbine siting. What is developer's evidence of the project's viability (wind data collection, wildlife studies, other)?
	<b>Utility</b>	<b>Comments / Questions for Developer</b>
 Who will be the long term owner of the project?	Detroit Edison intends to own and operate wind farms in the Thumb. Generation of electricity is a core business for Detroit Edison. As a provider of last resort (POLR), Detroit Edison has been and will continue to be in Thumb for many more years.	What is the 3 <sup>rd</sup> party developer's history and future commitment to the Thumb? Are the easements assignable to future unknown other parties?
Ability to get project financed and completed.	Utilities typically do not use or need project financing.  Utilities can build on wind site that developer might not get financed.	Major item. If the wind proves to be marginal in a location, will the developer be able to acquire financing to build a wind farm? 
Track record	Detroit Edison, soon after obtaining its first easements in 2007, commissioned environmental studies and installed wind data towers.	What has the developer done besides offer a land easement or lease contract to further wind development?  How long after getting the first easement did the developer wait to install a wind tower?
Easement terms and conditions	Due to longevity of operations and POLR requirement, utility will be around for foreseeable future. Detroit Edison has developed a competitive agreement which offers fair returns to the land owner and practical terms to allow	Are the terms being offered by a developer likely to ensure a project getting built sooner or more likely to ensure the project is built later or never?

Comparison of Utility and Developers

	reasonable development of wind farms. It offers compensation for any crop damage or lost acreage.	
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