

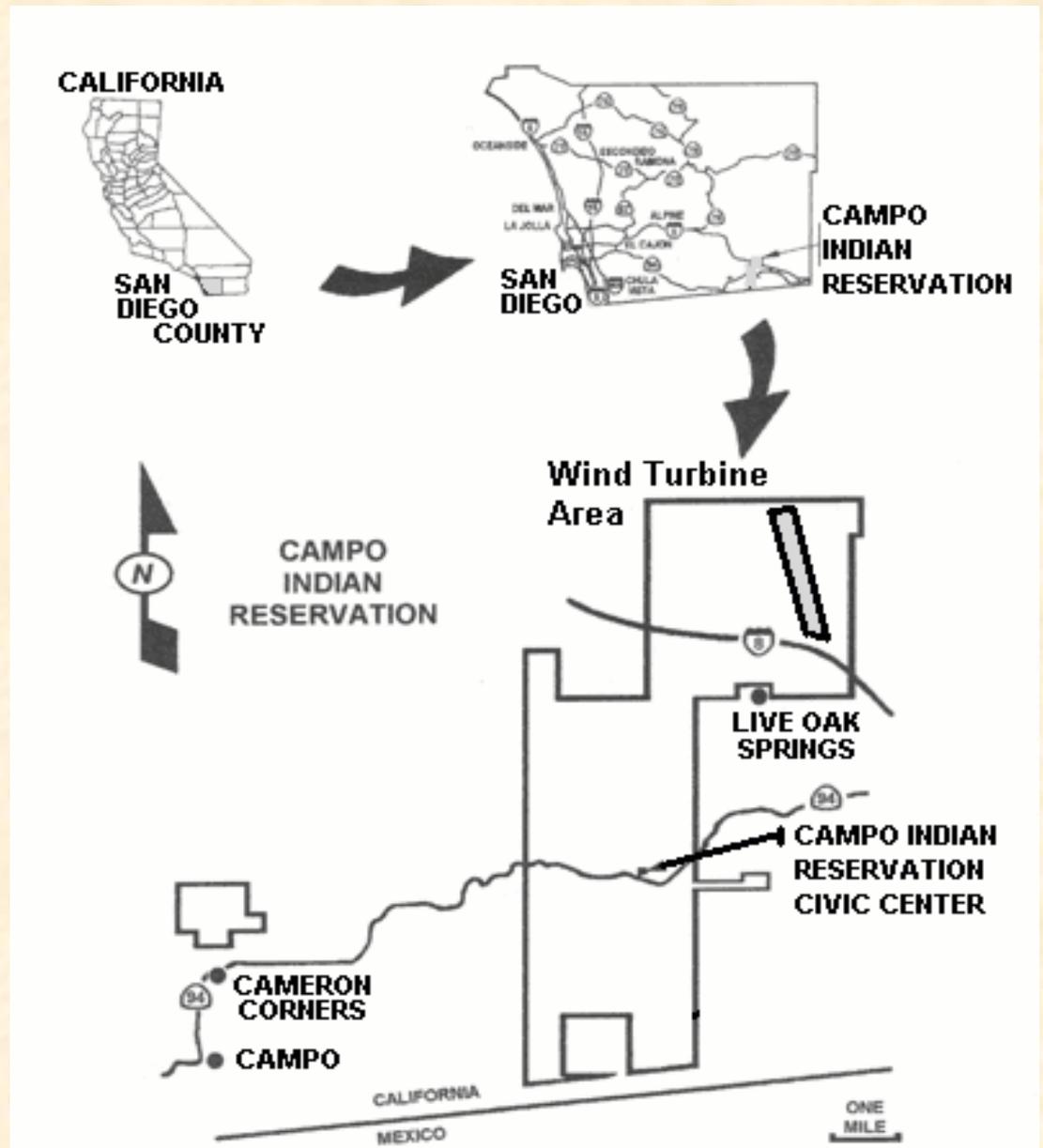


Kumeyaay Wind Energy Project

San Diego County's first commercial
wind project

Michael Connolly
High Pass Energy, Inc.

Location map



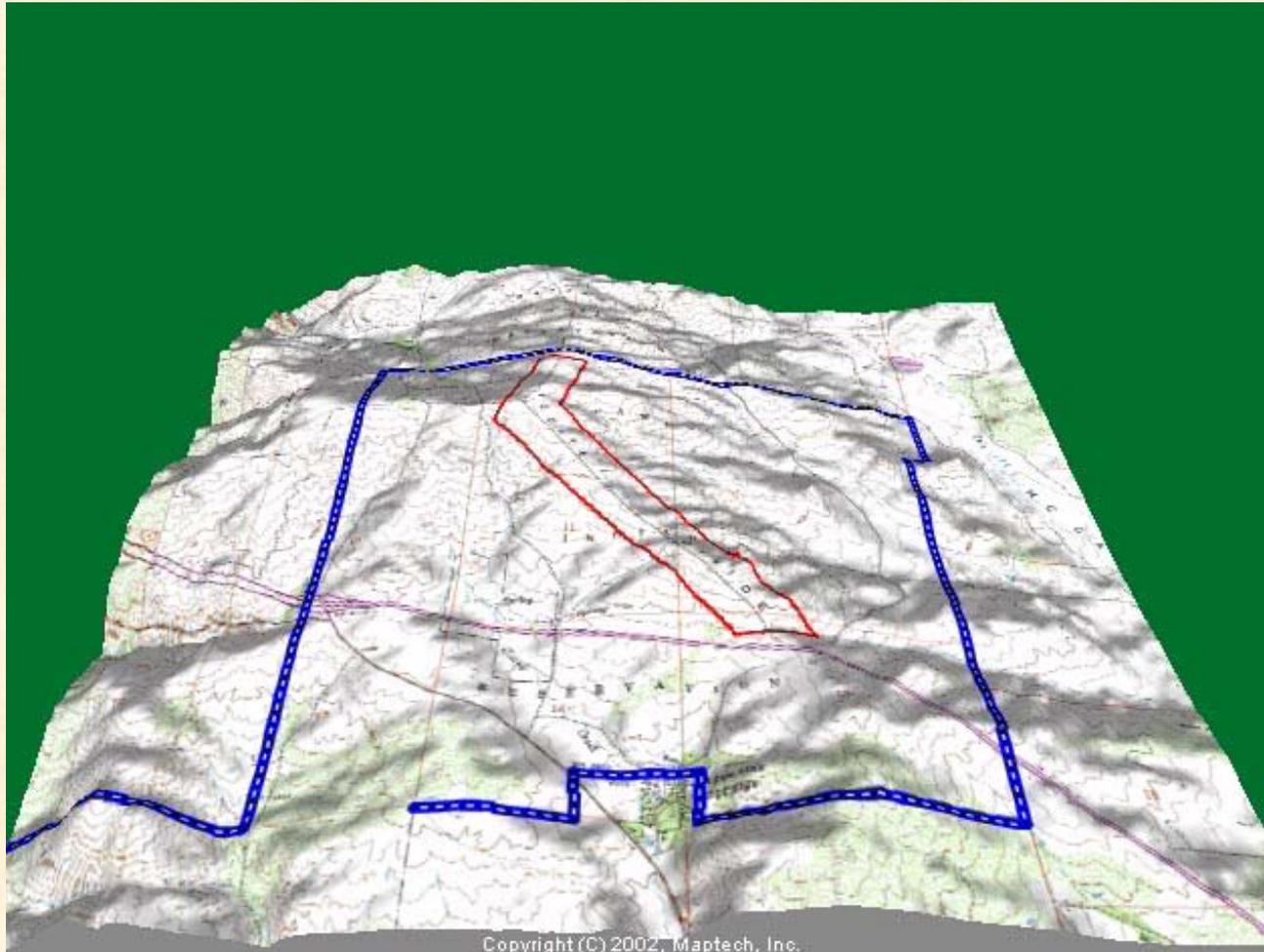
Project Timeline

- Wind monitoring since 1990 – Kenetech windpower
- Data lost in Enron bankruptcy
- New data developed from 2001
- Lease negotiated with Superior Renewable, signed in 2005
- 25 2 MW Gamesa turbines installed by end of 2005
- Superior bought by Babcock & Brown

Positive points for site

- Nearby substation
- Transmission capacity easily upgraded – 269-418 Amp capacity
- Good market. 2005 California Market Price Referent at \$50.00
- Good Road Access.
- Ridge perpendicular to wind direction
- Low turbulence – very laminar flow
- Low ice/ mild climate
- 45 acres for facilities, 2.5 square miles of minimal restrictions

Terrain map



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General Finances

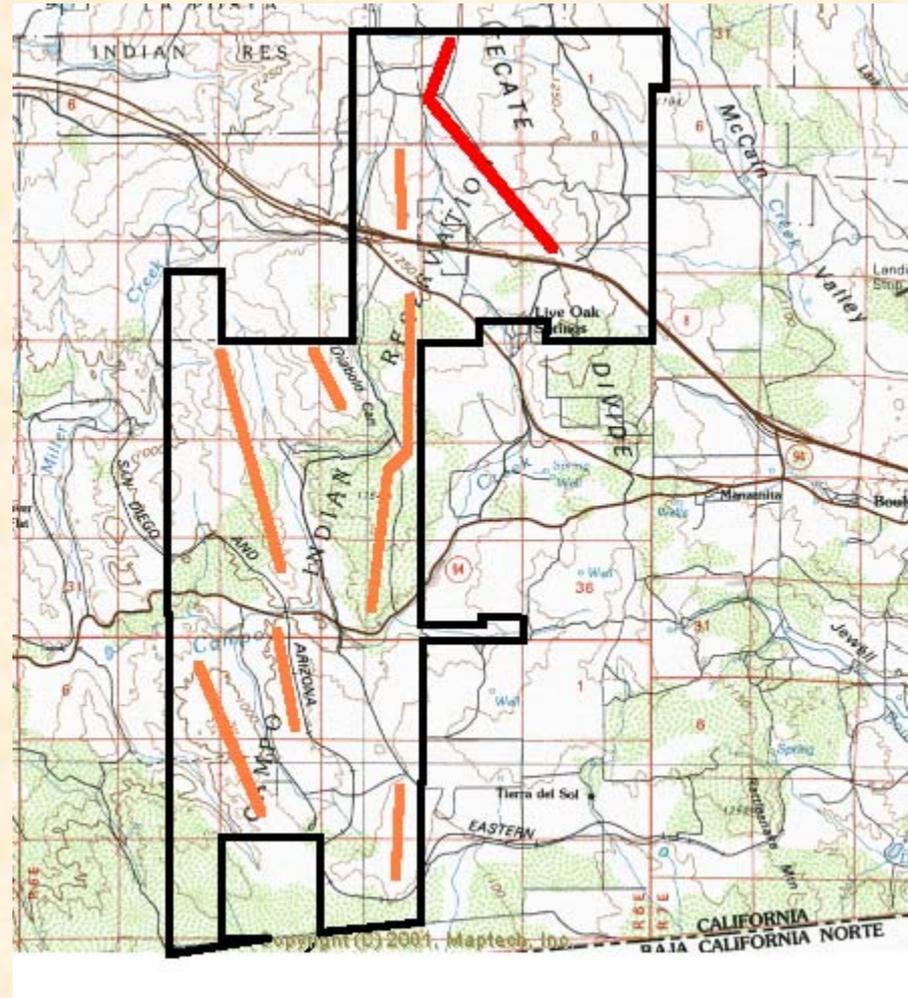
- SEMPRRA pays 49.5-51.75 MW-hr on 20 yr Pre-Enron power purchase agreement
- Construction debt approximately 80 million
- 100% decommission bond by year 15
- Tribe paid lease of 300K-400k based on performance

Major Environmental/Siting Considerations

- Bird/Bat mortality
- Noise
- Visual (Aesthetics, flicker)
- Radar, aviation
- Restrictions on future development

Additional resource

Up to 135 additional turbines, potentially 300 MW+



Kumeyaay Wind II

- Executive Council
 - Legal
- Muht Hei, Inc.
 - Legal
- Financial Consultant (Reznick Group)
- Technical Consultant (Michael Connolly)
- Developer
- Bureau of Indian Affairs

Process

- RFP – April – November 2008
 - Solicited proposals from 20 companies.
 - 12 companies had further discussions
 - 6 companies/JVs made direct presentations to the tribal Executive and Tribal Dev. Corp.
 - 3 companies selected and ranked

Terms

- Final three put up \$6,000 apiece earnest money, (used for tribal due diligence)
- Land Access Agreement (exclusivity)
- MOU (General Terms for Lease)
- LAA triggers initial payment (000,000)
- Developer pays tribal preconstruction costs (00,000 monthly)
- Developer/Tribe pay project preconstruction costs.
- Upon Lease approval, payment to tribe (0,000,000)
- Semi-annual payments until revenue stream starts (000,000)

Terms

- 160 MW project – KWII
- Tribal option for ownership of 20 MW
- Preconstruction clearances for entire 300 MW capacity of Reservation
- Tribe utilizes developer queue position for 20 MW project.
- 140 MW royalty with 20 year buy out provision.
- 20 year lease with 10 year extension if buy-out not exercised.

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- Monetizing Investment Tax Credit
- Tax Exempt Bonds
- New Market Tax Credits
- BIA Loan
- Power pre-purchase agreement
- Flip agreement

Constraints on expansion

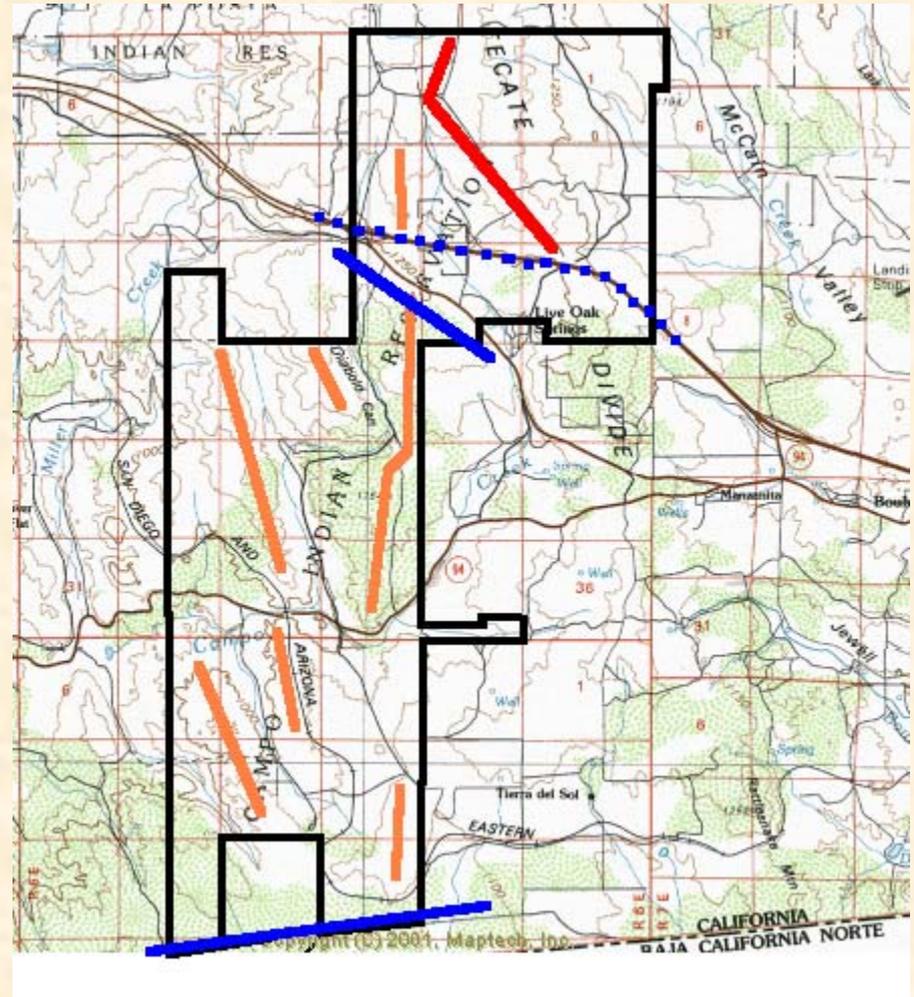
- Property tax – structure ownership to minimize (property & possessory interest)
- Sales tax- BOE negotiation/guidance (Barona decision)
- Infrastructure – Capacity – need queue for 150MW
- Depreciation- transferability
- Production tax credit- transferability
- Tax exempt bonds

Current efforts

- Working with national organizations on legislative answers to syndication
- Support for Production tax credit transferability
- Push for changes to property tax law
- Work on access to 500 KV line
- Push for liberalization of tax exempt bond criteria
- State sales tax exemption (Cal BOE)
- Tribal Energy Resource Agreement for Wind III
- Net metering by Casino planned
- Explore WAPA/Cal ISO tribal preference in queue.

Access to the grid

Potential access to
500 KV Southwest
transmission or
potential Sunrise
transmission line



Potential Earnings

- With all legislative changes, infrastructure development and continuing incentives
- If wind monitoring proves out resource for 300 MW facilities at full build out.
- Potential for \$10 Million profit average per year over 20 year life of projects. Transition from \$10 Million to \$150 Million from year 20 to 30 if market is the same. (unlikely)
- Does not include carbon tax/offset benefits

Other considerations

- Plug in hybrid cars
 - .80/gallon
 - Reduced air pollutants
 - Reduced carbon emission – carbon tax-climate registry-groundwater quantity/quality
 - Additional life for deep cycle batteries – real time metering – smart grid
 - National security- energy source risk

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