

GE Energy Financial Services

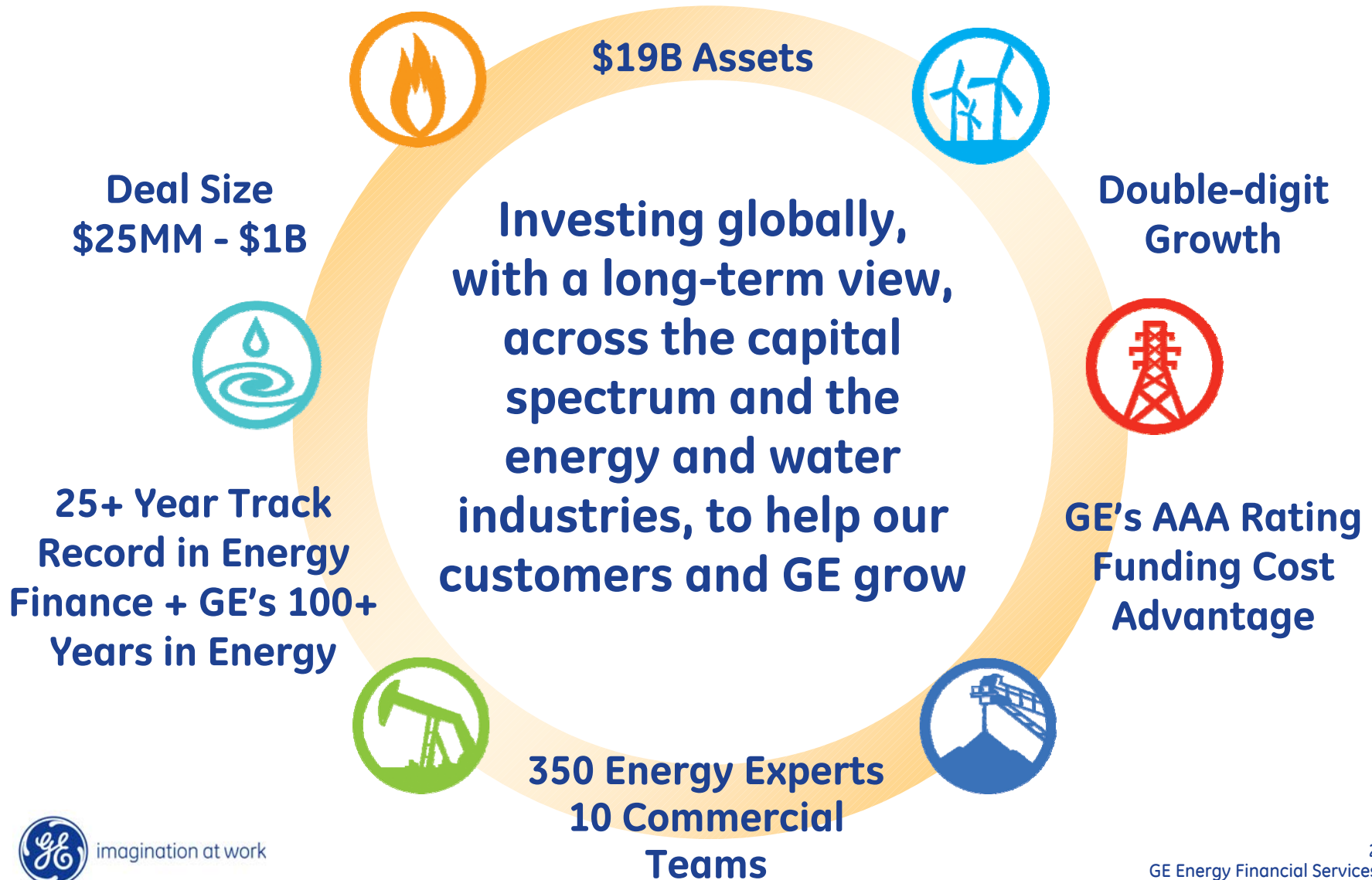
New Insights from a GE Study: PTC More than Pays for Itself

Kevin Walsh

5th Annual Renewable Energy
Finance Forum
June 18, 2008

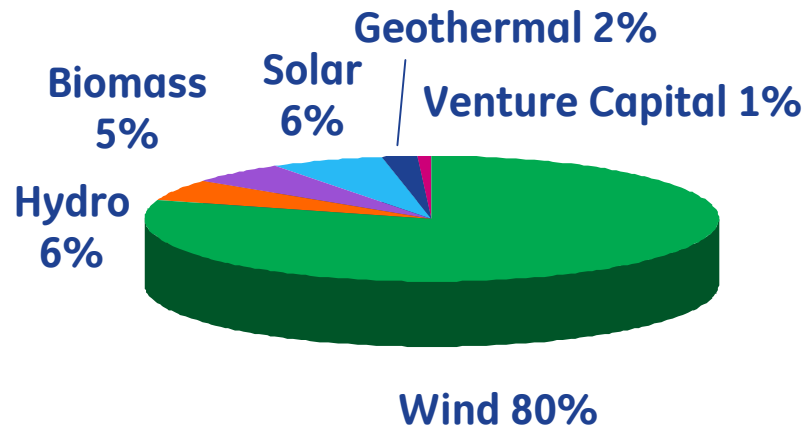


GE Energy Financial Services' Strengths



GE Energy Financial Services' Renewable Energy Portfolio

\$3+ Billion Renewable Energy Portfolio












7000+ MW

- 30+ Person Dedicated Team
- Global Mandate
- Range of Financial Products
- Project and Venture Investing
- Large Solar PV and Run-of-River Hydro Projects
- Diverse Portfolio of Technology Providers (GE and non-GE)
- US Carbon Credit Business w/AES

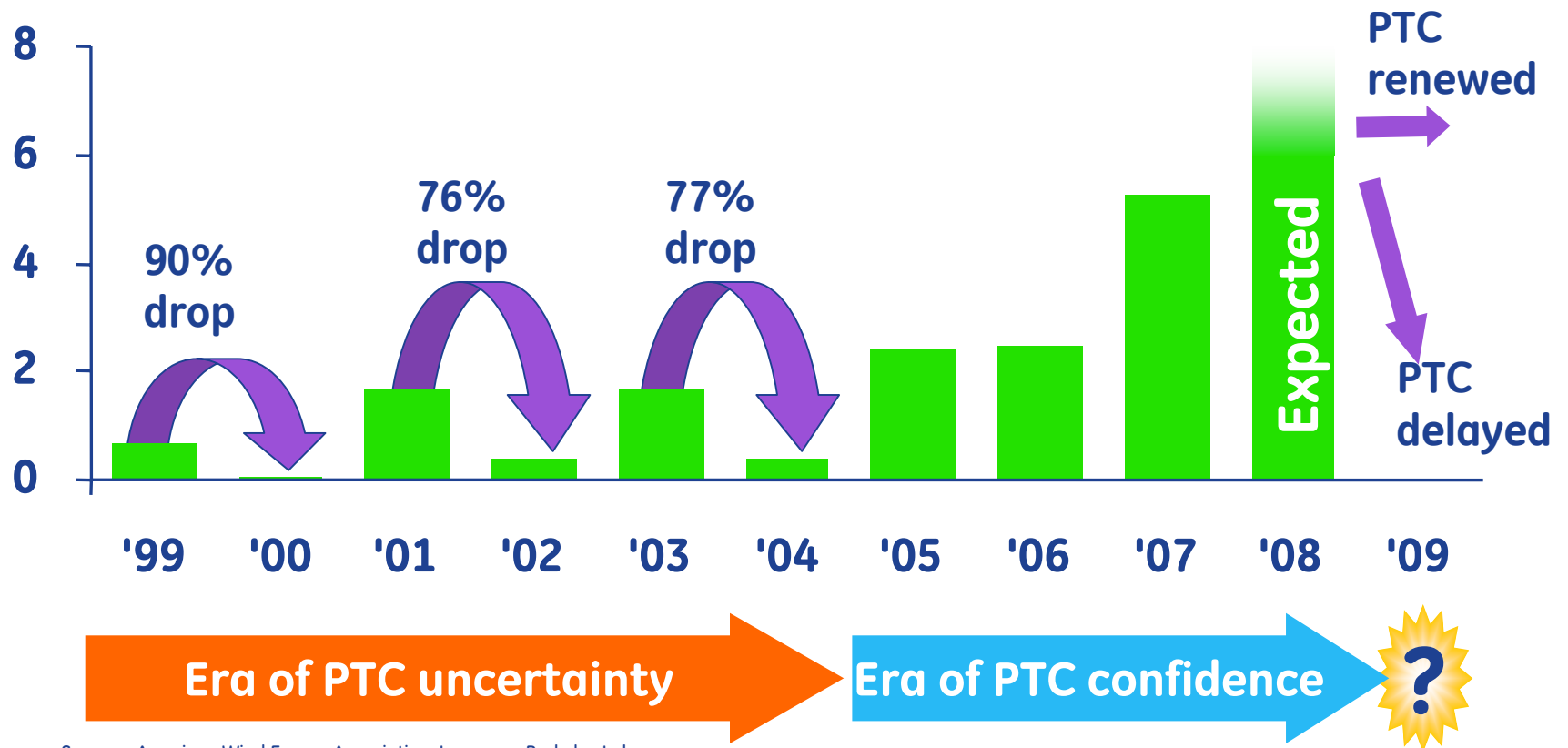
Goal...\$6 Billion by 2010

Select Wind Energy Investments

<p>Wind - USA</p> <p>Structured equity in 129 MW project in WI, 150 MW project in TX, 99 MW project in IL.</p> <p>Jan & May 2008</p> 	<p>Wind - USA</p> <p>Structured equity in 63 MW Snyder (TX) and 101 MW Smoky Hills (KS) projects</p> <p>Dec 2007</p> 	<p>Wind - USA</p> <p>EFS' largest renewables investment: \$300MM structured equity in 600 MW, 4 project portfolio.</p> <p>Dec 2007</p> 
<p>Wind - USA</p> <p>Structured equity in 126.5 MW Champion project in TX, GE's 3rd with Airtricity.</p> <p>Sep 2007</p> 	<p>Wind - USA</p> <p>Structured equity in 3 NY wind farms totaling 282 MW, boosting NY wind capacity 70 percent.</p> <p>June 2007</p> 	<p>Wind - USA</p> <p>Structured equity investment alongside Wachovia in 321 MW Sweetwater 4 and 5 projects in TX.</p> <p>May 2007</p> 
<p>Wind - International</p> <p>Swap of 165 MW of German wind farms for equity in leading project developer based in France.</p> <p>Feb 2007</p> 	<p>Wind - USA</p> <p>Equity investment with UBOC in 205 MW Fenton project, Minnesota's largest wind farm.</p> <p>Jan 2007</p> 	<p>Wind - USA</p> <p>Structured equity in 166 MW Hackberry project in TX; tallest towers in US.</p> <p>Nov 2006</p> 

Stable Policy Critical for Sustained Growth

US wind annual capacity additions
(Gigawatts)



Sources: American Wind Energy Association, Lawrence Berkeley Lab

PTC Uncertainty: Domino Effect

Developers: more equity for turbine payments, small developers hit hardest

Construction lenders: may not lend unless equity investors in place

Equity Investors: project schedule risk could derail investment

Turbine manufacturers: difficult to commit to capacity expansions and long-term supplier contracts

Utilities: cannot finalize PPAs needed for RPS compliance



>6 GW \$12+ Billion '09 Wind Projects at Risk

GE Study: Broad Economic Benefits of Wind

Direct effect of project expenditures

- ✓ Construction ... truck drivers, crane operators
- ✓ Equipment manufacturing ... OEM
- ✓ Field technicians
- ✓ Management & support personnel



Indirect effect of local economic activity

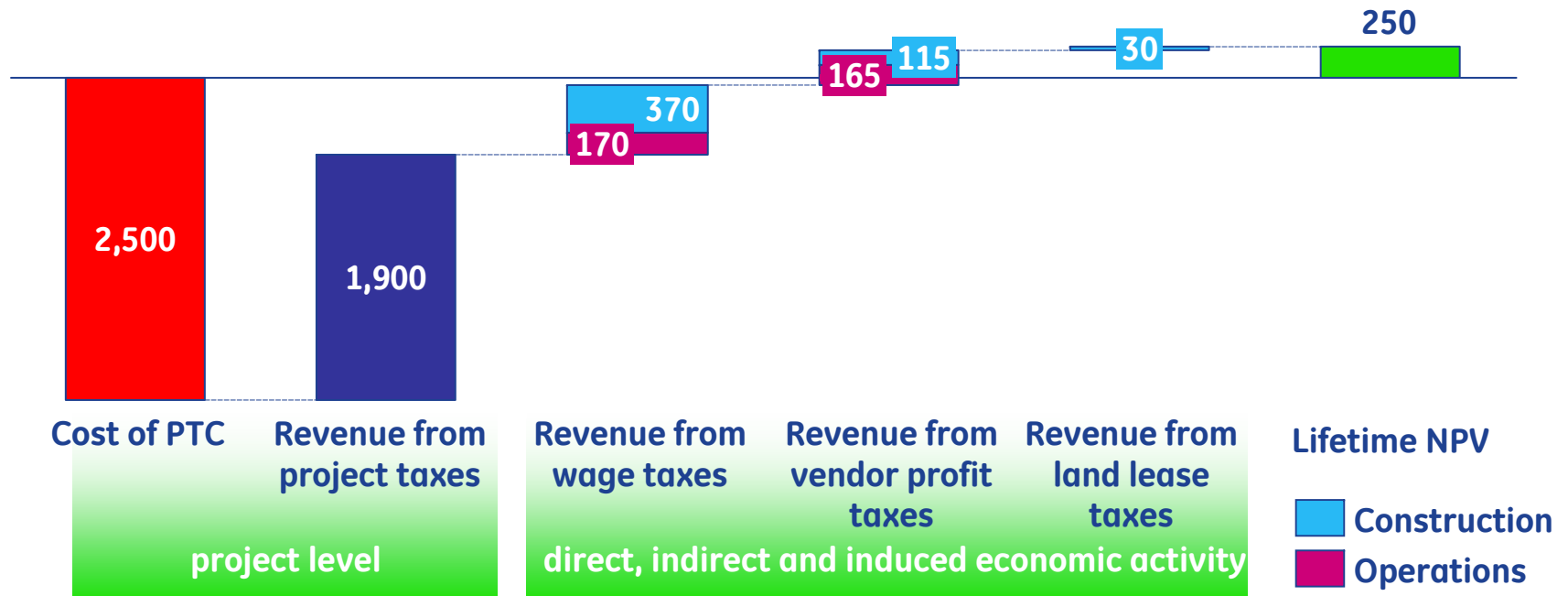
- ✓ Bankers, lawyers, accountants
- ✓ Supply chain ... components, raw materials, etc.

Personal spending by people directly & indirectly employed

- ✓ Retail, real estate, etc

'07 Wind Farms Add Estimated \$250M to US Treasury

NPV of estimated federal tax impacts from 5.2 GW of wind built in 2007
(Million US Dollars)



Source: GE Energy Financial Services analysis

Notes:

NPV calculation uses 4% discount rate based on 10-year US treasury note yield

Tax on project income includes effect of 5-year MACRS depreciation

Calculation does not include wind industry's economic effects on other energy sectors



imagination at work

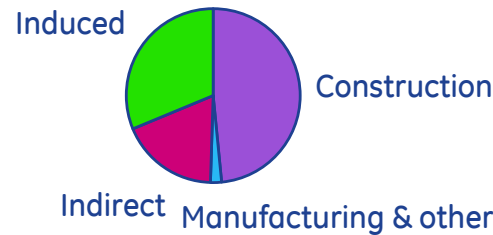
Other Benefits of 2007 US Wind Farms

Environmental benefits

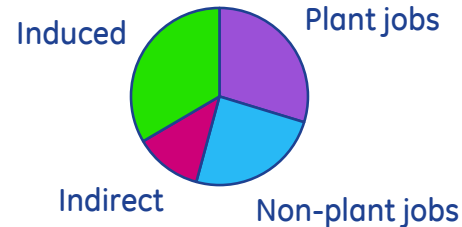
- ~ 10 million tons per year of CO₂ avoided ... equal to taking 1.7 million cars off the road
- Avoided emissions (SO_x, NO_x, PM, Hg) from fossil power
- Less water used for power plant cooling

Job creation

Construction Period:
17,000+ jobs for ~1 yr



Operating Period:
1,600 jobs for 20+ yrs

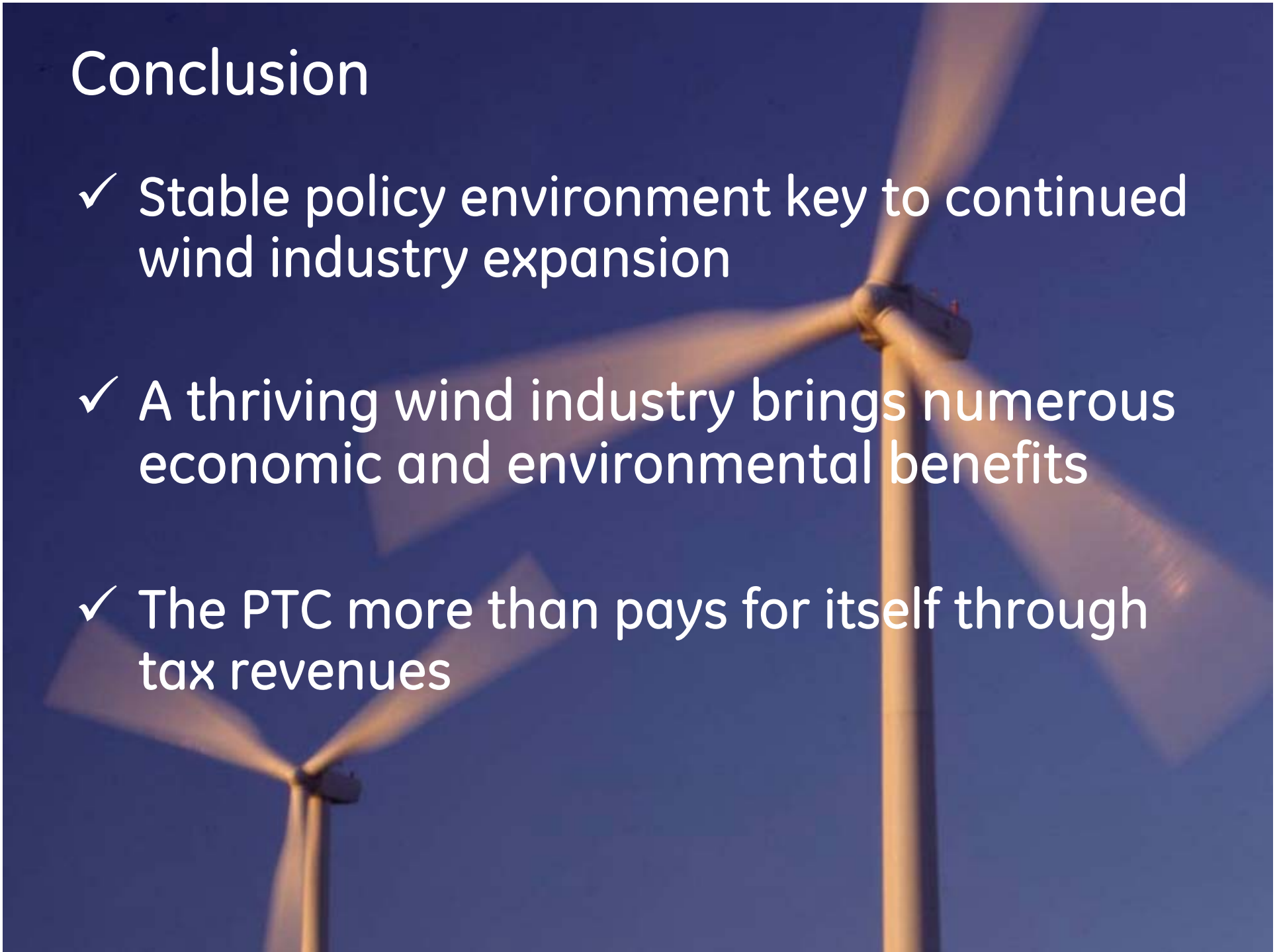


State and local tax revenues

- Property taxes: ~\$6 M/yr for local govt needs*
- State income taxes ~\$15 M during construction ~\$1.5 M/yr during operations
- Sales taxes – no estimate made

Conclusion

- ✓ Stable policy environment key to continued wind industry expansion
- ✓ A thriving wind industry brings numerous economic and environmental benefits
- ✓ The PTC more than pays for itself through tax revenues



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