

Invenergy

The Power of Innovation



TVA Board Listening Session

March 5, 2008

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Discussion Outline

- ❑ Invenergy Introduction
- ❑ Domestic Wind Industry Update
- ❑ Wind Energy in TVA Supply Portfolio
- ❑ TVA Alternatives



Invenergy Introduction

Overview

CONFIDENTIAL

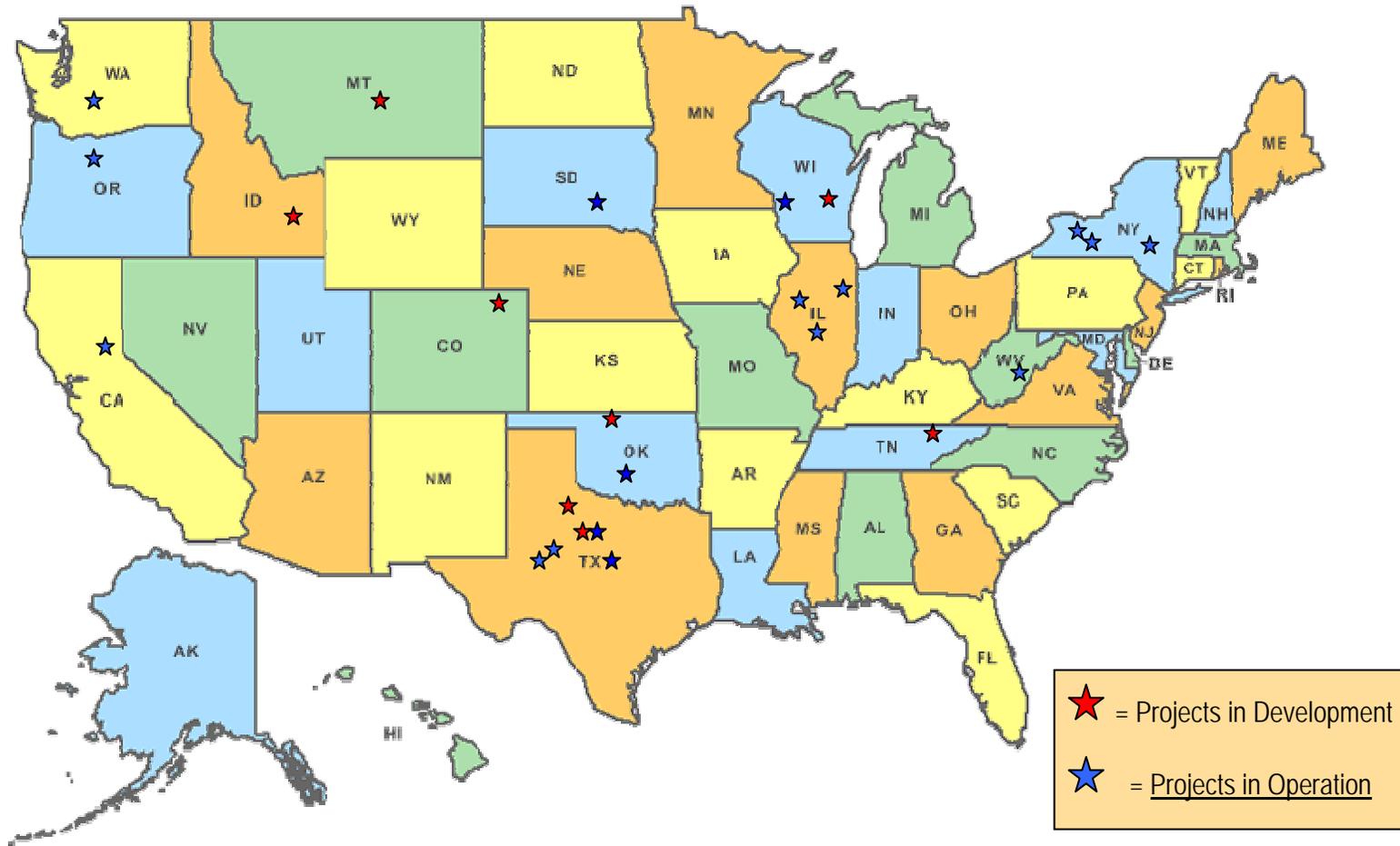
- ❑ Independent developer, owner and operator of utility scale power generation projects in North America and Europe.
- ❑ Based in Chicago with regional offices in Austin, Denver, London, San Francisco, Toronto, Warsaw and Washington D.C.
- ❑ Over 200 employees world wide.
- ❑ Commitment to over 2,500 megawatts of wind turbines, including 800 megawatts in 2009.
- ❑ Six natural gas generation projects in operation or construction, representing over 2,100 megawatts.



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Invenergy Wind Overview



Domestic Wind Industry Update

US Wind Statistics

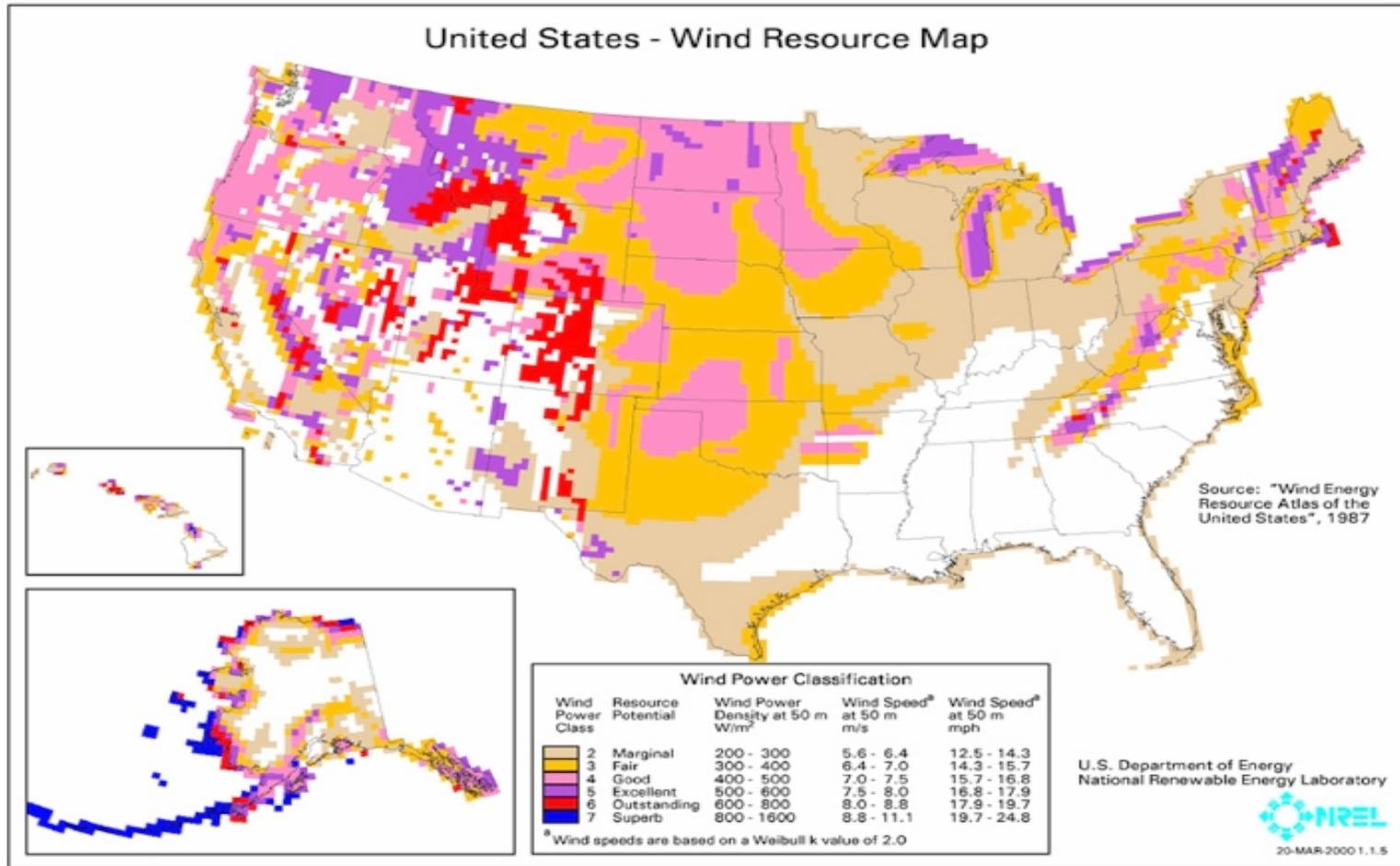
- ❑ As of January 2008, the U.S. wind power fleet numbers 16,818 megawatts and spans 34 states.
- ❑ The wind energy industry installed a record 5,244 megawatts in the U.S., increasing capacity by 45% in a single calendar year.
 - Expansion represented an investment of over \$9 billion to the U.S. economy.
- ❑ Recent study shows 76,000 jobs across the country depend upon the wind industry.
 - In 2007, at least 14 new wind turbine and wind turbine components manufacturing facilities have been opened or announced across the U.S.
- ❑ Current installed wind turbines save more than 500 million cubic feet of natural gas every day (5% of total natural gas used for power generation).

Source: American Wind Energy Association



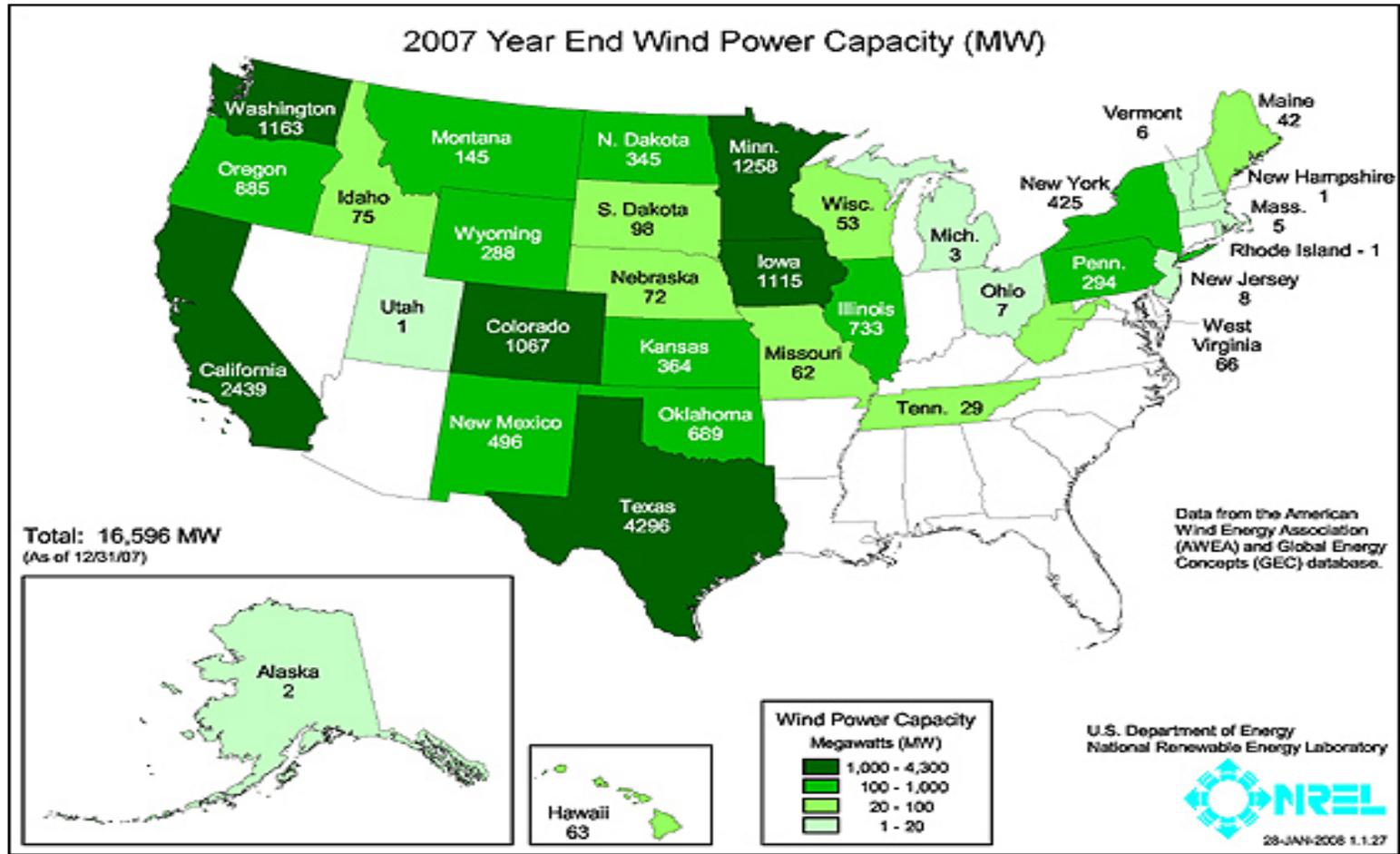
Domestic Wind Industry Update

Wind Intensity in the U.S.



Domestic Wind Industry Update

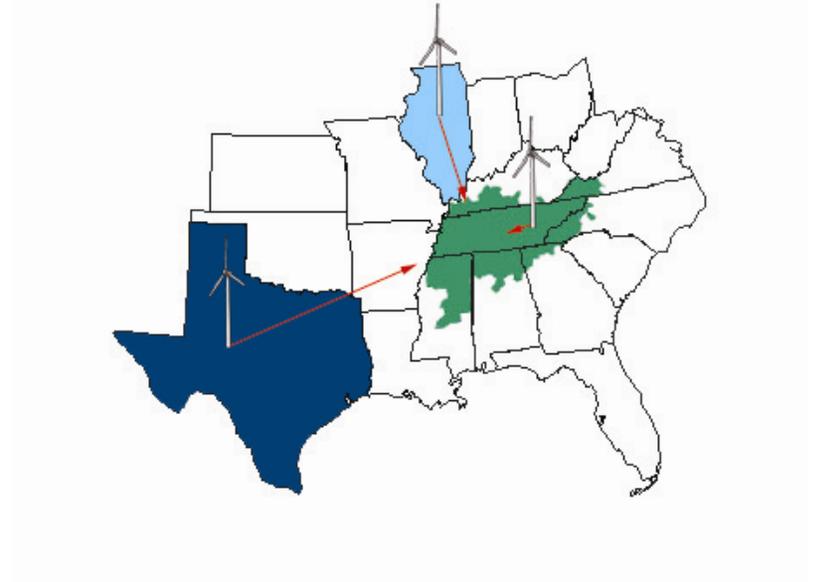
Wind Power Capacity by State



Wind Energy in TVA Supply Portfolio

Sourcing Alternatives

- ❑ Buy within the TVA footprint
 - Purchase bundled energy/credit product generated within TVA's service territory
- ❑ Import from neighboring region
 - Purchase bundled energy/credit product generated outside of TVA's service territory and delivered via transmission
- ❑ Buy renewable credits
 - Financial commitment to acquiring renewable credits to offset a portion of TVA's generation and/or supply obligation.



Wind Energy in TVA Supply Portfolio

Buy within the TVA Footprint

- ❑ Benefits
 - No external transmission costs/risks
 - Local economic development
 - Fuel supply diversification
 - Local air quality benefits
 - Local Halo effect
- ❑ Drawbacks
 - Marginal wind resource
 - Expensive to build and operate
 - Local NIMBY opposition
- ❑ An example of this approach is the Buffalo Mountain PPA (shown)



Wind Energy in TVA Supply Portfolio

Import from Neighboring Region

- Benefits
 - Most cost effective approach for acquiring bundled product (energy + credits)
 - Fuel supply diversification
 - Regional air quality benefits
 - No local NIMBY issues
- Drawbacks
 - Transmission costs and/or risks
 - Limited local economic benefit
 - Reduced Halo Effect
- Invenergy has late stage development projects in neighboring regions representing over 1,200 megawatts.
- Invenergy is in the process of requesting firm transmission from it's Illinois wind facilities to/and through TVA.



Wind Energy in TVA Supply Portfolio

Renewable Energy Credit Purchases

- ❑ Benefits
 - Lowest price
 - No transmission costs/risks
 - No NIMBY issues
- ❑ Drawbacks
 - No local economic development
 - No fuel supply diversification
 - National, but no local or regional air quality benefits
 - Significantly reduced Halo Effect
- ❑ Invenergy has 370 megawatts of operating projects in Texas with an additional 320 megawatts scheduled to be online within the year. Invenergy has retained the majority of the renewable attributes from this generation.



What are Voluntary RECs?

- Green-e “certifiable” is the market standard
 - New renewables (COD after 1/1/1997)
 - Multiple sources
 - Wind
 - Solar
 - Geothermal
 - Some hydro
 - Some biomass
 - Cannot be double counted by anyone.
- What is sold is more specific
 - “2007 Green-e certifiable Texas wind RECs”



Wind Energy in TVA Supply Portfolio

Comparing the Alternatives

	Buy within the TVA footprint	Import from Neighboring Region	Purchase Renewable Credits
Price	-	✓	✓
Fuel Supply Diversification	✓	✓	-
Local Economic Development	✓✓	-	-
Transmission Risks	✓✓	✗	-
Regional Air Quality	✓✓	-	-
Halo Effect	✓✓	✓	✓
Local NIMBY	✗	-	-



Wind Energy in TVA Supply Portfolio

Conclusion

- ❑ Wind energy can contribute to meeting TVA's renewable needs.
 - Buy within the TVA Footprint.
 - Import from Neighboring Regions.
 - Renewable Energy Credit Purchases.
- ❑ Invenergy is prepared to continue working with TVA to meet its renewable requirements.



Questions?



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