2010 State Wind Energy Symposium

Virginia Wind Energy Collaborative

The Race for Alternative Energy

HIGHLAND NEW WIND DEVELOPMENT LLC

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Virginia - 50 m Wind Resource Map

Wind Power Classification

<table>
<thead>
<tr>
<th>Wind Power Resource Potential</th>
<th>Wind Power Density at 50 m (W/m²)</th>
<th>Wind Speed at 50 m (m/s)</th>
<th>Wind Speed at 50 m (mph)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>0 - 200</td>
<td>0.0 - 5.6</td>
<td>0.0 - 12.5</td>
</tr>
<tr>
<td>Marginal</td>
<td>200 - 300</td>
<td>6.6 - 8.4</td>
<td>13.5 - 14.3</td>
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<tr>
<td>Fair</td>
<td>300 - 400</td>
<td>6.4 - 7.0</td>
<td>14.3 - 15.7</td>
</tr>
<tr>
<td>Good</td>
<td>400 - 500</td>
<td>7.0 - 7.5</td>
<td>15.7 - 16.8</td>
</tr>
<tr>
<td>Excellent</td>
<td>500 - 600</td>
<td>7.5 - 8.0</td>
<td>16.8 - 17.9</td>
</tr>
<tr>
<td>Outstanding</td>
<td>600 - 800</td>
<td>8.0 - 8.8</td>
<td>17.9 - 19.7</td>
</tr>
<tr>
<td>Superb</td>
<td>&gt; 800</td>
<td>&gt; 8.8</td>
<td>&gt; 19.7</td>
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</tbody>
</table>

Transmission Line

- 115 - 138
- 161
- 230
- 300
- 500
- 765

The annual wind power estimates for this map were produced by TrueWind Solutions using their Mesomap system and historical weather data. It has been validated with available surface data by NREL and wind energy meteorological consultants.

U.S. Department of Energy
National Renewable Energy Laboratory

* Source: POWERmap © 2002
Platts, a Division of the McGraw Hill Companies

1 Wind speeds are based on a Weibull τ value of 2.0
Virginia Pending Commercial Projects

Highland County — HNWD Permitted, Construction Started: More On This Later

Tazewell County — Blocked By Ridgeline Protection Ordinance in February

Wise County – Announced And Supported By Locality

Rockingham County — Property Leased
Virginia’s First Wind Farm
Tamarack Ridge

PROJECT DESCRIPTION

• 39 Megawatt Limit on 69KV Line

• Not to exceed 400 feet in height

• One substation

• Underground wiring
Henry T. McBride, Jr. Decides To Measure The Wind With Met Towers Erected on Tamarack And Red Oak
McBride Family and Community Energy Forum HNWD

Public Forum Held

Trip Sponsored to Meyersdale PA To Visit Wind Farm
USDA Renewable Energy Grant Program Announced

500,000 Grant Received – A Great Success

PPA Partner Search Unsuccessful

Production Tax Credits Expire

Community Energy Pulls Out
May 20, 2004 – The Chamber of Commerce, who opposed the project, determined that the speakers selected by the Board of Supervisors were biased in favor of wind energy and therefore conducted their own public forum.

April 29th – The Board of Supervisors sponsored four speakers to present the facts regarding wind energy and at the end of the two-hour meeting the Company was provided an opportunity to present its specific project.

March 31, 2004 – Third USFWS letter; to USDA recommending biological assessment for Northern Flying Squirrel, Indiana Bat, Virginia Big Eared Bat and Bald Eagle, and pre-construction monitoring.

February – Meeting called by HNWD with the State Corporation Commission, Highland County, Central Shenandoah Planning District Commission and USDA to discuss coordination and responsibility among local, state and federal agencies.

January 22, 2004 – USFWS participate in site visit with others at HNWD.

July 8th – Letter to CSPDC from the State Corporation Commission stating that in the opinion of the Assistant Director of the Division of Economics and Finance and the General Counsel, the State Corporation Commission would “be wasting its time” considering an Application for a Certificate of Public Convenience and Necessity for a project which “remains pending” before a locality.
July 20th - The Company submitted its request to the County for a Conditional Use Permit and a Zoning Ordinance Amendment.

August 26th - Planning Commission conducts its first review on the zoning amendment.

September 9th - Joint work session of the Planning Commission and Board of Supervisors.

September 21st - Site visit for all interested parties.

October 4th - Production Tax Credits extended until 12/31/05.

October 21st - Joint Public Hearing with Planning Commission and Board of Supervisors. Planning Commission voted, 2 for, and, 2 against, the zoning amendment.
April 21st – Joint Public Hearing of the Planning Commission and the Board of Supervisors, the Planning Commission recommends against adopting the Height Ordinance Amendment on a 3 to 2 vote, but the Board of Supervisors approve the height amendment change by a 2 to 1 vote.

May 17th – Plaintiffs (The “Miller” case) assert that the amendment to the Highland County height ordinance is contrary to existing law and void.

May 19th – Seven hour Public Hearing on Conditional Use Permit held at the local high school.

July 5th – A group of Highland County citizens sent notice of intent to sue under the Endangered Species Act to the Highland County Board of Supervisors, the U. S. Department of Interior and HNWD.

July 14th – The Board of Supervisors announced approval of the Conditional Use Permit on a 2 to 1 vote.

Late July – HNWD engaged bird, bat, wetland and squirrel experts.
### August 8th - Production Tax Credits extended until 12/31/07

### August 10th - (2nd Complaint) Plaintiffs (―Goodall‖) claim that the conditional use permit granted by the Board of Supervisors on July 14, 2005 is void for various reasons.

- Count I: conditional use permit was predicated upon an invalid height ordinance.
- Count II: failure to review the County's comprehensive plan and that the conditional use permit was inconsistent with the comprehensive plan.
- Count III: requirements of Va. Code § 15.2-2232 have not been complied with by the Board of Supervisors.
- Count IV: violations of various County ordinances.
- Count V: decision to issue the conditional use permit was arbitrary and capricious.

### September 28, 2005 — Fourth USFWS letter; to HNWD re: Northern Flying Squirrel, Indiana Bat, Virginia Big Eared Bat and Bald Eagle; copy to “Opponents” counsel.

### November 8th - Application for approval to construct, own and operate an electric generation facility in Highland County filed with the SCC.  PUE-2005-00101

### December 2nd - “Highland Citizens” filed a Notice of Participation in the SCC matter and moved for the Application to be dismissed for failure to contain necessary information.

### December 28th - The Nature Conservancy filed a Notice of Participation
January 20th – Joint Permit Application filed for 3 stream crossings with Virginia Marine Resources Commission, DEQ and Army Corps of Engineers

March 1st – DEQ suspended its environmental review based on need for additional studies and documentation to be supplied by HNWD

March 7, 2006 – Fifth USFWS letter; to SCC expressing support for VDGIF comments re: Bald Eagle, Indiana Bat and Virginia Big Eared Bat (Northern Flying Squirrel probably okay)

March 13th & 14th – Public Hearings held by the SCC in the Highland County school gymnasium. 66 witnesses testified

March 24th – Bat Meeting
April 6th Bird Meeting

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<tr>
<th>Highland County</th>
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<tr>
<td>USDA</td>
<td>SCC, DEQ &amp; Others</td>
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<tr>
<td>Opposition &amp; Litigation</td>
<td>Market, Energy &amp; Tax</td>
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April 27th - Letter delivered to DEQ by HNWD requesting the issuance of its required report, lifting its “suspension.”

April 28th - (3rd Complaint) Tom Brody and other plaintiffs file a Complaint in the Highland County Circuit Court.

Plaintiffs (“Brody”) allege that the Highland County Planning Commission erred when it concluded that the proposed wind turbine project was in “substantial accord” with the comprehensive plan or part thereof, a finding required by Virginia Code § 15.2-2232.

June 6th - Hearing on motions for summary judgment held in the Miller and Goodall cases. Court rules from the bench that the Highland County height ordinance is not void. The Court also rules that the provisions of Va. Code § 15.2-2232 were complied with.

June 8th - “Highland Citizens” filed a second Motion to Dismiss at SCC.

June 26th - Joint Permit Application Approved.

Highland County U.S. Fish & Wildlife USDA SCC, DEQ & Others Opposition & Litigation Market, Energy & Tax
June 27th-29th – Bench trial in the Highland County Circuit Court in the Miller and Goodall cases. All of Plaintiffs’ claims are dismissed on the merits.

June 30th – DEQ filed its report.

July 11th – Hearing Examiner denied second Motion to Dismiss.

August 9th – Summary judgment hearing in the Brody case. Court rules from the bench that the requirements of § 15.2-2232 were met.

Six days of hearings occurred between October 30th and November 16th, consisting mostly of expert testimony, but time was allowed for 22 additional public witnesses.

December – Production Tax Credits extended until 12/31/08.
March 1st, Hearing Examiner issued report recommending approval of the CPCN

March 7th – “Highland Citizens” filed Motion to Stay, arguing that the SCC determination should be deferred until the Supreme Court makes its decision on the Miller and Brody appeals

March 22, 2007 – Sixth USFWS letter; to SCC commenting on Hearing Examiner’s Report re: Indiana Bat, Virginia Big Eared Bat, Bald Eagle and Northern Flying Squirrel

April 6th – Full Commission remanded back to the Hearing Examiner the case for an additional hearing process to determine the post construction bird and bat mitigation and monitoring plan

July 17th and 18th – Two more days of hearings, and 7 more witnesses offered testimony in addition to the various experts

The Court did not address the merits of the Goodall, Miller, and Brody claims. Instead, the Court disposed of the entire appeal for not having the proper party. With reference to the Brody Complaint, the Court ruled that Brody did not have standing to lodge a challenge to the review required under Va. Code §15.2-2232.

October 16th – The Hearing Examiner filed his report

December 20th – Final Order issued by Commission granting CPCN with conditions
SUTrPRISE! No Appeal filed

August – Interconnection Agreement, wholesale marketing agreement and construction agreement all signed by Allegheny Power, PJM and HNWD

During the months of August and September, active negotiations with a variety of interested parties resulted in two executed Letters of Intent.

However, before the Due Diligence periods expired, the financial markets collapsed and the interested parties started to disappear one by one. Turbines became more available, but financing more difficult to obtain.

December 9th – Erosion and Sediment Control Plan submitted by HNWD rejected due to lack of final Site Plan
June 8th - FAA Lighting Permit submitted

June 11th - Final Site Plan submitted to County for approval

July - August, HNWD appeared on numerous occasions in front of the Technical Review Committee of Highland County to obtain approval of the Site Plan and the Erosion and Sediment Control Plan

August 3rd - TRC approved the Site Plan, despite various challenges including:
- HNWD “moved” the West Virginia border with Virginia
- viewshed concerns from Camp Allegheny
- “alleged,” newly discovered wetlands
- sediment from construction near the “pristine” Laurel Fork
- satisfying two engineering firms and DCR on the E&S plan
- obtaining the SWPPP permit issued by DCR
August 12th - Two down-stream neighbors send letter threatening injunctive relief, pursuant to Virginia Code § 10.1-569 (C), declaring the E&S plan inadequate.

August 18th - “Highland Citizens” delivered complaint to the SCC concerning non-compliance with the CPCN Order of 2007.

August 26th - SCC accepts August 19th Complaint filed by DHR as a new pending matter at the SCC and called for a Public Hearing PUE-2009-00092.

December 30th - “Highland Citizens,” in light of the Beech Ridge Energy case, threatened an injunction under the Endangered Species Act if the County does not require HNWD to obtain an Incidental Take Permit.
HNWD responded to “Highland Citizens” continued threat, with letter to Highland County

January 8th - HNWD arranged meeting with VDGIF to commence discussions pertaining to Post Construction Monitoring and Mitigation Plans

January 25th - SCC Hearing Examiner recommended dismissal of DHR Complaint
Now What?
For Future Projects In Virginia - 2011

- For wind projects less than 100 megawatts, the Virginia legislature directed DEQ to develop regulations designed to expedite approval by January 1, 2011

- See Virginia Regulatory Town Hall website for 2009 minutes and work, chaired by Carol C. Wampler with DEQ
CONCLUDING REMARKS
WE HAVE LOST OUR
BALANCE & COMMON SENSE

Private Property Rights
• McBride Family owns 4,000 acres managed for 50 years with environmental responsibility

Viewshed Rights
Squirrel Rights
Bat Rights
Stream Rights
Plant Rights