

NPPD picks Midwest proposal for wind power project near Petersburg

Selection signals start of negotiations with developer

Nebraska Public Power District will be adding to its wind energy portfolio in the near future, and one of those wind projects will be in Boone County.

Last Friday, NPPD's Board of Directors authorized entering into power purchase agreement (PPA) negotiations with Midwest Wind Energy/Edison Mission Midwest. NPPD will seek an agreement for 80 megawatts of wind-powered generation from the company's Loredo Ridge site near Petersburg.

The district is also interested in negotiating an agreement for a second project northeast of Broken Bow, NE, to also be developed by Midwest Wind Energy/Edison Mission Midwest, if NPPD can find other utility participants to purchase up to half of the output of the total projects.

It is expected that once negotiations are concluded, NPPD would approve final contract(s) later this year. The facilities would be operational by the end of 2010 or early in 2011.

Selection of Midwest Wind Energy/Edison Mission Midwest was based upon achieving the lowest cost possible for the electricity purchased,

including transmission costs, and minimizing any environmental concerns.

Midwest's power collection site for the Loredo Ridge wind farm will be very near NPPD's existing substation east of Petersburg, which is expected to reduce construction cost.

NPPD President and CEO Ron Asche said that seeking the power purchase agreements for additional wind-powered energy keeps the district on schedule to meet a strategic goal of adding more renewable energy to its portfolio.

"By taking a systematic approach to wind development, we will be able to further diversify NPPD's generation portfolio and help the state broaden economic development opportunities related to deployment of wind energy in Nebraska," said Asche.

In November 2008, NPPD issued a request for proposal (RFP) for projects up to 80 megawatts in size that could be built near Broken Bow and/or Petersburg. In April 2009, NPPD received 22 proposals from seven different developers for

the construction and operation of wind energy facilities. After proposals were reviewed, a short list of responses was selected for further negotiations based on the lowest power and transmission costs, plus environmental considerations.

"By utilizing a power purchase agreement for additional wind-powered generation, NPPD minimizes the cost of wind energy to our customers. The private developer takes the risk of construction and maintenance of a wind farm, and receives the benefit of the federal production tax credits. NPPD pays only for the electricity generated at an agreed upon price," said Dave Rich, NPPD Renewable Energy Development manager. "Our Board of Directors' decision to enter into landowner agreements and install meteorological towers has resulted in very competitive bids, saving Nebraska rate payers millions of dollars."

For NPPD, securing a PPA with a developer instead of constructing a facility is largely driven by the fact that federal production tax credits are not available to public power

utilities. However, these tax credits are available for private wind farm developers.

Midwest Wind Energy/Edison Mission Midwest is planning to use the Community Based Energy Development (C-BED) model for both proposed projects. C-BED projects qualify for state sales tax exemptions on wind-generation facility equipment, lowering the costs of construction and continued operation and maintenance. By partnering with wind-farm developers, NPPD can acquire lower cost renewable energy for its customers.

Negotiations between NPPD and Midwest Wind Energy are expected to include the final purchased power price, interconnection agreements and a time frame for construction and power production.

Contacted by telephone Monday, Patrick Dalseth, Midwest Wind Energy representative, said it is possible that some preliminary construction could take place this fall "but it's too early to tell." His company must complete two more environmental studies and

complete negotiations with NPPD before the project timeline can be finalized.

"We hope to meet as soon as possible with the landowners in our project area, and I hope to meet with the Boone County Commissioners as soon as Aug. 31," he said. The project will definitely be under construction by the spring of 2010, Dalseth said, and commitments have been made to supply the 54 wind turbines for the project.

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According to the Midwest Wind Energy website, its Loredo Ridge Wind Farm, is capable of producing up to 100 megawatts of electricity annually. Most of the wind farm is located northeast of Petersburg, beginning about two miles east of town. The wind farm lease area surrounds Raeville on three sides. Locations of the wind towers have not yet been announced.

In February 2008, NPPD's Board of Directors established a goal of having 10 percent of its energy come from renewable resources by 2020, primarily from wind. The goal

NPPD currently owns and operates the Ainsworth Wind Energy Facility south of Ainsworth, NE, where 36 turbines produce approximately 60 megawatts of wind-generated power. Omaha Public Power District, the Municipal Energy Agency of Nebraska, the City of Grand Island, and the Jacksonville Electric Authority purchase approximately half of the power produced at Ainsworth. A PPA is also in place with Edison Mission to purchase the electrical output of the 80-megawatt Elkhorn Ridge Wind Farm northwest of Bloomfield, NE. NPPD takes half of the energy