

DRAFT
**Landowner Wind Associations in the West:
A model for facilitating gigawatt-scale development**

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SUMMARY

Wind farm development is typically driven by developers, who go door-to-door in rural areas trying to acquire development rights from individual landowners. Developers must then overcome all the other hurdles to developing a project, such as wind data collection, financing, power purchase agreements, transmission access and local government siting regulations. This process is time consuming, and can lead to frustration for landowners who are passive participants in the process. It may also be very frustrating for developers who often work with a fragmented landscape lacking a coordinated community effort and local government support.

If America is to address pressing energy and climate concerns, and to reach the 20 percent wind power goal set by the U.S. Department of Energy, we need a streamlined approach to siting wind farms and related transmission lines. A new development model is emerging, driven by the owners of windy lands, that promises to facilitate much larger scale development with less time spent, more cooperation from landowners, and greater benefits to both developers and local communities. The model is called the *landowner wind association* (LWA) and since the spring of 2007 has been applied by at least 23 landowner groups in three states (Wyoming, Colorado, and New Mexico) with over 2,000,000 acres of windy land. These landowner groups are signing agreements with large-scale developers, drafting local wind siting regulations conducive to wind development, and advocating for new transmission lines to take their energy to market.

NEED FOR DIFFERENT APPROACHES TO WIND DEVELOPMENT

Conventional development methods raise many concerns among landowners and other members of rural communities. In most regions the process is driven by interests that are not from the community and they lack transparency in how they are dealing with the array of community members. At wind energy workshops hosted by rural organizations throughout the “wind corridor” stretching over the Great Plains it’s common to hear the following concerns:

- Lack of trust with wind developers
- Loss of private property rights
- Developers perceived as “speculators”
- Non disclosure clauses
- Pitting neighbor against neighbor
- Landowners being “picked off” one at a time
- A checkerboard wind lease pattern formed among multiple developers – preventing a project for the area
- Community lacks good information and knowledge
- Lack of control in process

- An un-level playing field between community members and developers

In Southeastern Wyoming near small towns such as Wheatland and Chugwater these concerns formed the foundation that brought landowners together in early 2007 to create a different approach to wind development. They began to recognize the benefits of working together as a single entity and eventually created limited liability companies now called Landowner Wind Associations (LWAs). The benefits of an LWA to landowners include:

- Shared resources among all member landowners to become more informed about wind energy and to hire support (e.g. legal services, etc.)
- Avoids divided communities
- Creates large block of land that enhances the ability to market wind resource
- Collective bargaining
- Everybody receives a “piece of the pie”
- Environmental impact study completed with participation from all landowners and community
- Strength in numbers to market wind resource and promote project development

The LWA model also provides advantages for the developer. Ken Gray, a project developer for Babcock & Brown, likes the model because “it provides efficiency in working with a group in a good wind area. The collective bargaining aspect is good for both sides – we don’t have to knock on 50 doors and then negotiate separately with each landowner.” Mr. Gray also finds the LWAs provide helpful information about the wind quality, terrain, and other local issues from the start. This allows the development team to more effectively take the necessary next steps. Moreover, the developer is working with a large number of landowners who will support transmission and other necessary infrastructure in the area. Mr. Gray has been engaged with LWAs in Southeast Wyoming.

Mr. Gray also notes that he would like to see the LWAs provide “more science behind the footprint” for creating association boundaries. This need for more science could include anemometer wind data and high-level wind analysis studies using satellite technology.

WHAT IS A LANDOWNER WIND ASSOCIATION AND WHAT DOES IT DO?

The creation of a LWA begins with a group of landowners in close proximity to one another that share an interest in identifying the boundaries of land suitable for commercial-scale wind development. Once the boundaries are identified the initial group of landowners reaches out to all landowners in the boundary area to foster greater landowner interest. Eventually a large block of land is assembled among several landowners that will act together to explore their wind development potential and to market their resource to wind developers.

Before the LWA incorporates as a Limited Liability Company (LLC), a group of landowners will typically take steps to learn more about wind energy and collect additional information about their land. A steering committee is formed that holds meetings with all potential association members and invites technical, legal, and financial experts to present to the group. It may eventually hire some of the expertise to provide on-going support. The steering committee conducts an evaluation of wind energy development that includes five major components:

1. Wind Energy Resources
2. Transmission access and capacity
3. Market for wind energy
4. Environmental Impacts and other Location Factors
5. Landowner and Community Support

Following this evaluation process the steering committee and interested landowners make a decision on whether to incorporate as a Landowner Wind Association, LLC and begin to market their resource to developers.

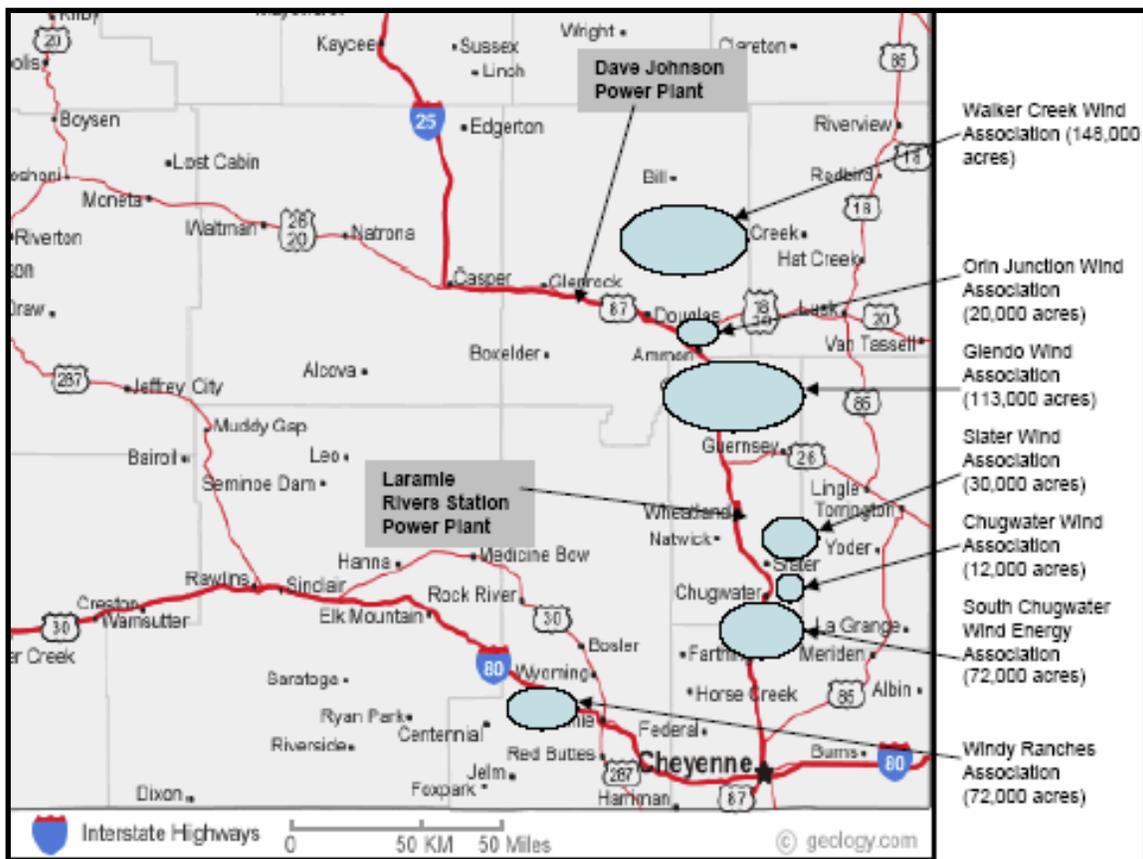
Two essential documents are needed for a LWA to stay together and to market their resources: Operating Agreement and a Request for Proposals (RFP). *Samples of both of these documents are provided in the appendix.*

A LWA of multiple landowners is held together through an operating agreement. The agreement stipulates such terms at the number of years they will work together (normally two), number of votes each member is granted (e.g. one voter for each 320 acres in the Association boundaries), member financial contribution (e.g. \$0.10 per acre/annually located in the boundaries), and the process for accepting a developer's proposal which terminates the agreement. The agreements created thus far among 23 associations have been relatively short and simple (about 5 pages). The agreements clearly stress their primary purpose to utilize collective bargaining strategies to solicit and market wind energy resources.

There is one more important item to point out within the agreements. They do not bind the landowner to the lease that was negotiated by the LLC. Upon completion of the negotiations with the selected developer, each member landowner has the option to sign individual lease agreements. However, it is unlikely for landowners to renegotiate on their own due to the LWAs advantage of collective bargaining and the competition created among developers.

To date there are at least 23 LWAs with operating agreements in place in Southeast Wyoming, Eastern Colorado and Northeast New Mexico. These associations account for more than 2,000,000 acres being marketed for large-scale commercial wind development. They vary in size from 15,000 acres to 200,000 acres and include between 5 to 150 landowners in each association. Wyoming currently has 8 associations totaling over 500,000 acres and another three landowner groups in the process of forming. Two of these Associations in Wyoming have signed agreements with developers. None of the Wyoming associations have turbines turning yet; they all need new transmission projects to be in place such as the Wyoming-Colorado Intertie, Transwest Express, and Gateway South and North projects.

Figure 1: Location of LWAs in Southeast Wyoming



In northeast New Mexico the LWA mold took hold in April of 2008 with two meetings held in the towns of Clayton and Tucumcari that attracted more than 300 landowners wanting to learn more about wind energy development. The landowners have received facilitation support from the New Mexico Department of Agriculture and guidance from the Southeast Wyoming associations. In recent month 15 LWAs have formed in eastern New Mexico with 642 landowners and 1.35 million acres.

Colorado has one newly formed association with about 20 landowners near Seibert, CO in Eastern Colorado. In addition, Colorado also has three landowner led community wind LLCs that were established in 2004 in Baca, Prowers and Yuma counties. Two of these community wind LLCs have entered into agreements with wind developers while maintaining some independence to develop locally owned wind projects of their own.

Figure 2: Location of LWAs in Northeast New Mexico

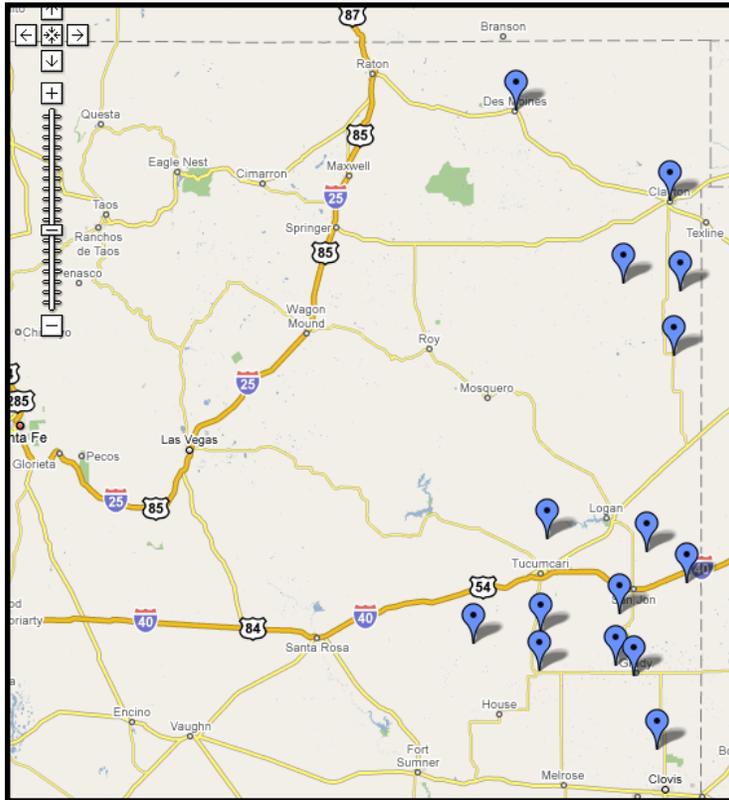


Figure 3: Location of LWA and Community Wind LLCs in Colorado



The second critical document necessary is the request for proposals (RFP). The RFP is the primary document that enables an association to effectively market their wind resources. It is this document that gives the landowner a much greater sense of control. The RFP forces the wind developers to compete and it weeds out the perceived “land grabbers” who are seeking to only tie up land.

The main objectives of the RFP is to create and present to developers the following:

- A marketing plan with wind data and local incentives for wind development (e.g. sales tax exemption)
- Feasibility study (e.g. wildlife assessment, road network, excellent topography, etc.)
- Business plan components expected for landowners including signing bonuses, land lease fees, royalty payments, construction payment, etc.

Each LWA distributes an RFP to 50-60 developers and receives approximately 10 completed proposals from developers.

The proposals from the RFP establish a “community based payment” for the Association members and the certainty that everyone in the LLC will receive a “piece of the pie” when the project goes forward. For example, the proposals are generally structured so that 55% of the royalty fees is kept by the landowners with turbines while the remaining 45% is divided up among all of the association members on a per acre basis. The rest of the payments (bonuses, construction payments, easements, land leases, etc.) are kept by the individual landowners and are not divided.

Grant Stumbough, with USDA’s Southeast Wyoming Resource Conservation & Development, recently said that “the associations always get more interest if they provide credible wind data in the RFP. The Wyoming Anemometer Loan Program has been instrumental in providing associations with wind data which is a great bargaining chip in negotiating with wind developers.”

LWAs are seeking to have everyone involved benefit economically, negotiate higher payments for pre-development, options, leases, and royalty payments. With wind resources having capacity factors above 40% an association can obtain royalty payments significantly higher than average. Moreover, associations believe they can better coordinate efforts to improve wind siting regulations and get greater community support.

LWAs are an innovative model in the West that is effectively and efficiently bringing rural communities together to support each other and advance wind energy. The LWAs provide an approach for landowners to become pro-active in the development process and capitalize on their wind resources through a collaborative effort. Developers see direct benefits from the large blocks of land they can work with for selecting the best turbine locations; strong landowner and local community support; and development steps completed such as wind assessment data and local wind siting regulations.

EXAMPLE OF A SUCCESSFUL LWA:

A good example of an active LWA is the Slater Wind Energy Association, LLC in Platte County, Wyoming. This LWA consists of 28,000 acres of range and cropland and 45 landowners. The area, southeast of Wheatland, WY, has some of the best wind resources in the nation with a wind energy capacity factor in the range of 40-46%. In some areas they discovered it is “too good” with class 7 wind that is not suitable for existing turbine technology. Gregor Goertz is the Chairman of the Slater Wind Energy Association, LLC. Mr. Goertz is an organic wheat farmer and raises cattle on his land. Mr. Goertz states in presentations to other landowners, “When my home started getting several calls a week from developers we decided it was time to work with our neighbors to explore the potential for a large wind project.”

The Slater LWA has worked closely with the Platte County Commissioners to adopt wind energy siting regulations in early 2008 that have been viewed favorably by both developers and the local community.

After distributing the RFP in August of 2007 to more than 50 developers they received 18 responses. Eventually, they reviewed 8 complete proposals. A sample proposal included the following terms:

- Initial development phase - \$7 per acre.
- Construction phase - \$4,500 per MW, plus fees for roads, buildings, and connections lines.
- Operational Phase – Each 640 acres with 2 turbines would receive a minimum of \$39,000 per year.
- Each 320 acres without turbines would receive minimum of \$6,000 per year.

In 2008 they signed an agreement with a well known wind developer with terms similar to the example above. They currently envision a future project with up to 500 MW of capacity.

POTENTIAL FOR OTHER LANDOWNER ASSOCIATIONS: TRANSMISSION CORRIDORS

Transmission corridors hold promise for landowners to work together in associations and become leading drivers in developing new transmission to windy areas.

Typical transmission development goes like this: in northeastern Colorado there is a transmission corridor that runs from the Peetz Table Wind Farm to a substation near Brush, Colorado. Peetz Table is a 400 MW wind farm in northeastern Colorado. The project involves 267 wind turbines that interconnect with a double circuit 230-kva transmission line running over private property. The corridor is over 70 miles long and involves more than 60 different landowners. The landowners on this line received \$3.00 per linear foot of line on their property. This is a one time payment for the right of way that may be on the property for the next 100 years and potentially cut properties in half.

A similar approach to the landowner wind association model is emerging: landowner transmission association. Landowners are exploring this model as a vehicle to better position

projects and get the energy to market in a timely manner. Landowners would receive payments related to the amount of kilowatt hours wheeled over the lines on an annual basis. As production grows for renewable energy projects on the line the local revenue will increase for landowners that created the corridor.

POLICY NEEDS FOR THE SUCCESS OF LANDOWNER WIND ASSOCIATIONS

The first policy need for LWAs is rather obvious: they need policies that create a market for wind power. Without the development of markets there will be no opportunity for LWAs to capture their wind for energy and return significant dollars to their local economies. Important policies for market development include:

- renewable energy standards;
- resource selection regulations that require utilities to evaluate projects using multiple factors including carbon emissions, geographic diversity benefits, water use, and economic impact; and,
- financial incentives such as production tax credits and clean renewable energy bonds (CREBs).

After market policies are in place four additional policy ingredients are needed for the success of LWAs: (1) wind resource measurement tools; (2) outreach programs providing education on the market drivers and the economics of wind development; (3) a streamlined process for conducting environmental impact studies and determining other location factors; (4) transmission policies to expand lines to remote rural areas. Specific policies and programs to consider in these four areas at the federal and state level include the following:

Support for Wind Resource Assessments

- Wind Anemometer Loan Programs.
- Wind measurement studies using satellite data and other assessment tools.
- USDA Value-Added Producer Grant program that provides funds for landowners to conduct wind feasibility studies.
- USDA Rural Energy for America Program (Section 9007) that will make feasibility studies eligible in 2009 for grant funds.

Wind Economic and Market Driver Awareness

- Rural outreach programs that provide information on the criteria or drivers for commercial-scale wind development and the economics behind a good wind project.

Support for Conducting Environmental Impacts and Other Location Factors

- State and federal procedures for streamlining environment impact studies and lowering costs for LWAs.

Transmission Policies

- **Renewable Energy Zones.** Identification of renewable energy generation development zones with information about development potential and constraints for each zone.
- **Renewable Energy Transmission Corridors.** Identification of renewable energy transmission corridors with information about capacity requirement and constraint for each corridor.

- **Renewable Energy Transmission Authorities.** Establish transmission development authorities to finance lines dedicated for renewable energy projects. Include landowner representation on authorities.
- **Investment Tax Credit for Transmission.** Creation of federal and state investment tax credit for renewable energy transmission lines.
- **USDA's Rural Utility Service.** Expand USDA-Rural Utility Service's role to include financing renewable energy transmission.
- **Service Benefit Charges/Cost Recovery.** Provide utilities with ability to finance and build transmission to renewable energy zones in advance of project development. Enable utilities to place a service benefit charge onto customers to make transmission improvements for future renewable energy development.
- **Distribution System Studies.** Distribution lines and substation studies conducted on rural electric association and municipal utility systems.
- **Landowner Transmission Line Tax Credit.** Provide annual federal or state tax credit for landowners with renewable energy transmission lines.
- **Landowner Royalty Compensation for Transmission Lines.** Enable and create models for transmission development that compensate landowners on annual bases through royalties rather than one-time payments.

MORE INFORMATION

Mr. Grant Stumbough, Wheatland, WY; USDA - Southeast Wyoming Resource Conservation & Development, 307-322-2187, grant.stumbough@wy.usda.gov.

Mr. Gregor Goertz, Wheatland, WY; Chairman of the Slater Wind Energy Association, LLC, 307-422-3445, slaterwind@yahoo.com.

Mr. Robert Lumpkin, Tucumcari, NM; Tucumcari City Commissioner and Renewable Energy Consultant, 575-461-4932, roberttucnm@msn.com.

Ms. Johnna Bruhn, New Mexico Department of Agriculture, 575-403-9266, johbruhn@plateautel.net.

Ms. Shannon Lumpkin, Albuquerque, NM; New Mexico Coalition for Clean and Affordable Energy, 917-344-9120, energynm@gmail.com.

Mr. John Covert, Greenwood Village, CO; Colorado Harvesting Energy Network; 303-283-3524, covert@workinglandscapes.com.

Mr. Tony Frank, Greenwood Village, CO; Rocky Mountain Farmers Union, 303-238-3532, tony.frank@co-ops.org.

Appendix A – Sample LWA Operating Agreement

OPERATING AGREEMENT Orin Junction Wind Energy Association, LLC

The undersigned parties own land in the Orin Junction, Wyoming area. Recently, wind energy developers have contacted several of the area land owners regarding the possibility of developing a wind farm in the Orin Junction, Wyoming area. The undersigned parties (“members”) wish to market their wind resources and have agreed to create an association that can collectively bargain on behalf of the members. Accordingly, the undersigned hereby create the Orin Junction Wind Energy Association, LLC (“OJWEA”).

The purpose of the OJWEA is to enhance the marketability of the wind energy resources on land owned by the members by combining those resources into a single marketing package. In order to give the collective bargaining strategy an opportunity to work, the members commit the wind resources on their property to the OJWEA for a period of two years. During that two years, the members agree that they will not encumber or otherwise commit their wind resources without the agreement of the OJWEA.

It is also the purpose of the association to hold forums that educate the members and other interested parties regarding the wind energy industry.

THEREFORE: The parties agree as follows:

I. NAME, DURATION AND PURPOSE

1. The limited liability company shall be Orin Junction Wind Energy Association, LLC (“OJWEA”).
2. The term of this agreement shall be two years.
3. The primary intent the OJWEA is to use collective bargaining practices to reach agreement with wind developers and/or investment companies.

II. BOARD OF MANAGERS

4. The OJWEA shall have a board of managers (“Board”) consisting of three managers elected by a majority vote. The Board shall serve until the first annual meeting or until their successors are elected. Elections shall be in November of each year and shall be conducted by mail ballot. Interested candidates must submit their names 30 days prior to the November election. A chairman, secretary/treasurer shall be appointed by the Board. The Board shall serve without compensation.
5. The purpose of the Board is to represent the OJWEA in business matters, provide guidance, generate ideas, schedule meetings, negotiate in conjunction with legal counsel, and assist in carrying out the purpose of the OJWEA.

6. A quorum at a Board meeting shall require that at least one half of the Board be present.

III. MEMBERSHIP

7. Except as specifically provided otherwise, matters before membership shall be decided on a majority vote of the eligible votes. A quorum at a regular membership meeting shall require the presence of members or proxies representing fifty one percent of the eligible votes.

8. Each member will be entitled to one vote for each 320 acres owned rounded to the nearest 320. If the number of acres owned by a member is exactly in the middle of the nearest 320 acre multiples, the number shall be rounded up to the nearest multiple of 320.

9. Landowners owning less than 320 acres shall be entitled to one vote.

10. Acres shall be deeded and shall not include state or BLM leases.

11. The number of votes per membership interest shall be based on number of acres and not the number of individuals who jointly own the land or have entered into a partnership/corporation to manage the land. For example, a husband and wife or corporation shall vote as one even though they jointly own land within the project boundary.

12. A member may vote by written proxy.

13. a) If the Board reaches a potential agreement regarding the development of wind resources, the Board shall recommend the agreement to the members. A lease agreement shall be deemed accepted by the association when the Board makes a formal proposal to the membership recommending acceptance of the negotiated terms and 51% of the eligible vote approves the Board's recommendation.

b) Upon acceptance of the negotiated agreement of the OJWEA, each member shall accept or reject the proposal on an individual basis. Each member will be required to negotiate with the developer the individual terms applicable to their property without change to the financial terms. Negotiation of the special financial terms must be approved by the Board.

c) Individual members are not obligated to accept a development proposal even if the proposal is accepted by a majority membership.

14. This agreement is binding on the heirs, assigns, personal representatives, or successors of each member. If a member transfers a portion of his land that is covered by this agreement, the new owner shall be a member and entitled to a prorate share of the voting privileges of the selling member's voting privileges.

IV. WIND DEVELOPMENT BOUNDARIES

15. Wind energy development boundaries will be determined by current members and will be subject to change upon a majority vote of members. Additional members may join upon approval of a majority vote of the members. New members shall contribute \$.10 per acre of their privately owned land (minimum land payment of \$50.00) located within the current or newly formed wind energy development boundary. Each member contributes to the OJWEA the wind resources of the property that is covered by this agreement. The contribution to capital of wind resources shall be for two years. The commitment of wind resources only includes land owned by a member that is located within the boundaries of the OJWEA.

V. RESTRICTION ON MEMBERS

16. No member shall independently enter into a separate agreement with wind energy developer(s) within established boundaries without consent of the OJWEA and the members during the term of this agreement.
17. No member shall act on behalf of the OJWEA without the written consent of Board.
18. Any member who violates the provision of Section V shall be in breach of contract and fully liable for damages to the OJWEA and to its individual members.
19. No member shall incur indebtedness on behalf of the OJWEA.

VI. ASSESSMENTS AND LIABILITY

20. Each member shall be assessed \$.10 per acre of their privately owned land (minimum land payment of \$50.00) located within the proposed wind energy development boundary. Additional assessments shall be made by 75% vote of eligible members not to exceed \$1.00 per acre. Members shall have 30 days from the date they are notified of a call for capital contribution to make such contribution. Notification can be by phone, email, facsimile, letter or in person. If a member fails to make the required contribution, the member shall be notified by certified mail.
21. Failure to make said contribution will terminate the member's standing in the association. A member more than 30 days in arrears of a contribution of capital shall not have voting privileges until their capital account is current.
22. Assessments and contributions will be used for attorney fees, meeting space, printing, postage, and other purchases deemed necessary.
23. The liability of the members to the company shall be limited to their respective capital contribution except as provided in Section V.

VII. TERMINATION OF AGREEMENT

24. This agreement may be terminated prior to July 30, 2010 under either of the two conditions below:

a) When 51% of the eligible membership votes to accept the Board's recommendation and 75% of the eligible votes have signed the contract; or

b) Upon a vote where members representing 75% of the voting privileges of the Association vote for early termination.

VIII. EXPIRATION AND/OR CONTINUATION OF AGREEMENT

25. This agreement shall expire on July 30, 2010.

26. Any unspent fees will be returned back to members on a prorated basis.

27. After July 30, 2010, the remaining members may carry on with the OJWEA under the terms agreed upon at that time.

IX. Legal description of your property to be included in the Orin Junction Wind Energy Association, LLC:

X. SIGNATURE:

(Name of Entity, if any)

(Signature - must be notarized)

State of _____)
)ss.

County of _____)

The foregoing Agreement was signed before me by _____

_____ (name), on _____ (date).

Notary Signature: _____

Appendix B – Sample LWA Request for Proposals

Slater Wind Energy Association, LLC

**Wind Energy Project
Request For Proposals (RFP)**

May 25, 2007



**Slater Wind Energy Association, LLC
Slater, Wyoming**

1. INTRODUCTION

Slater Wind Energy Association, LLC (SWEA) seeks proposals to develop wind energy on approximately 25,000 acres in the Slater Wyoming area (see attached map, Appendix B). Additional members and acres are expected in the upcoming months. The project goal is to benefit local economies, sustain natural resource values, and satisfy state renewable portfolio standards in numerous states. SWEA seeks to work with wind energy developers and/or investment companies that desire to develop wind energy on a commercial or industrial scale.

1.1 SWEA Background and Purpose

The Slater Wind Energy Association, LLC was formed in April of 2007 in the state of Wyoming. SWEA consists of approximately 40 landowners controlling 25,000 acres of land. SWEA exists solely to work as a single entity to negotiate an agreement with wind energy developers and/or investment companies to develop wind resources in the Slater area.

SWEA's mission is to secure a favorable land lease agreement with a viable wind energy developer based on the selection criteria described in Section 2.1. In addition, SWEA will also consider proposals by investment companies to potentially own or partially own power production facilities based on the selection criteria as described in Section 2.2.

SWEA has appointed 6 managers to represent members in business matters, provide guidance, and negotiate with wind energy developers and/or investment companies in combination with legal council. SWEA is very interested in moving forward with a successful wind development proposal.

1.2 Project Description

The area represented by SWEA is approximately 25,000 acres of range and cropland with prime wind energy opportunity. Other characteristics of the area include:

- This area has an estimated wind capacity factor in the range of 40-46% which is considered by most experts as some of the "best wind in the world" in terms of suitability for wind energy development (see enclosed CD for additional wind data).
- The topography is smooth rolling hills with no apparent obstructions to transmission line or large turbine placement.
- I-25 runs adjacent to the entire project area.
- The area has an excellent network of graded roads with many that meet military standards for the purpose of transporting heavy or large loads.

- Transmission line access – The first phase of TOT 3 is scheduled for completion by 2009 to 2010. Line capacity will be available for bid later this year and is expected to conduct large amounts of wind energy.
- County Wind Siting Regulations are currently in the development stages and are considered to be “user friendly” to wind energy development (see Appendix C). These regulations are scheduled for completion by late summer of this year.
- The Wyoming Game and Fish Department recently conducted an assessment of wildlife populations and habitat in the project area with no significant or immediate concerns (see Appendix D). The area has no endangered or threatened species.
- The project area is largely open with no large buildings, structures, trees or large rocks to hinder construction of substations, transmission lines, large turbines, etc.
- Wyoming’s tax structure is very conducive to wind energy development with no corporate or personal state income taxes.
- The project area is estimated to be capable of producing 500MW or more.
- SWEA can assist in obtaining easements for roads, transmission lines, and other agreements necessary for wind energy development. SWEA can provide a means to obtain community support for wind energy projects.

1.3 RFP Minimum Eligibility

In order to qualify for consideration, a respondent must provide in the proposal the following minimum eligibility criteria:

- Background of the company and disclosure of all entities they represent.
- List of commercial or industrial wind energy projects (200 to 800MW) completed or currently under construction.

1.4 RFP Structure

This RFP is open to all eligible wind energy developers and/or investment companies. SWEA will review all proposals received and will invite selected respondents to compete in negotiating a contract agreement.

2. Areas of Interest to Our Members

2.1 The Slater Wind Energy Association, LLC Managers will use the following areas of interest to evaluate project proposals submitted by wind energy developers:

1. Landowner payments to include (but not limited to) the following:

- a. Lease fee for land during the time period between signing the lease and energy production;
 - b. Percentage of itemized gross revenue after the wind turbines are producing energy (progressive annual royalty payment);
 - c. Percent of carbon credits, green tags, and other environmental incentives
 - d. One-time success payment per MW installed nameplate capacity (including any re-powering);
 - e. Substations, anemometers, buildings, roads, transmission lines, and other structures sited on private property;
 - f. Other fees to enhance your project proposal;
 - g. Bonuses, and
 - h. Damages and production losses due to construction.
2. Plans for the restoration of construction areas, control of invasive weed infestations, and trash removal
 3. Marketing plan for how the electricity will be sold and distributed
 4. Description of the wind energy technology that will be used
 5. Assurances that the landowner retains the right to use the property for his/her uses and other uses compatible with wind energy development.
 6. Insurance policies that safeguard the landowner
 7. Level of community support and involvement
 8. Final reclamation plans and bonding upon termination of the project
 9. Any other areas of interest which Slater Wind Energy Association, LLC considers relevant

2.2 The Slater Wind Energy Association, LLC Managers will use the following areas of interest to evaluate project proposals submitted by investment companies

1. Ownership timetables of the project
2. Terms and conditions of all profit sharing with landowners
3. Costs per delivered MWh for the first 15 years of the project's life
4. Total installed cost of the project (including all transmission interconnection costs)
5. Pro Forma financial statements (income statements, cash flow statements, and balance sheets) including (but not limited to) yearly gross income and capital contributions (include production tax credits, green tags, carbon credits, renewable energy credits, etc.)

and yearly expense and capitol expenditures (including maintenance costs, depreciation and amortization, etc.) for the first 15 years of the project's life

6. Estimated yearly taxes for the entire project
7. Project schedule
8. Ability to obtain turbines and related equipment
9. Project's projected energy generation during the first 15 years of the project's life
10. Plans to obtain local, state, and federal permits as required by statute
11. Completeness of all generation interconnection studies
12. Warranties and guarantees
14. Investment Companies will also be evaluated by using the areas of interest as specified in 2 to 9 in Section 2.1.

3. SCHEDULE AND ADMINISTRATION

3.1 Intent to Respond

Each respondent must notify the Slater Wind Energy Association, LLC of the intent to submit a proposal in response to this RFP by submitting their company name, address, contact name, contact title, telephone number, and email address. This must be submitted via email or mail to Gregor Goertz at the addresses listed in sections 3.3 and 3.6. Deadline for submission of the Intent to Respond is June 29, 2007.

3.2 RFP Schedule

The following table lists our schedule (actual schedule may vary).

Release RFP	May 25, 2007
Intent to Respond	June 29, 2007
Proposals Due	September 7, 2007
Finalists Selected for negotiation	October 1, 2007

3.3 Request for Additional Information

All questions and requests regarding this RFP must be submitted via email to Gregor Goertz at slaterwind@yahoo.com by the proposal deadline. Inquiries received after September 7, 2007 may not receive a response.

3.4 Withdrawal and Modification of Proposals

Respondents may withdraw their proposal once and submit a revised proposal prior to the Proposal deadline. After the proposal deadline, changes will not be accepted. Respondents may withdraw their proposal from consideration at any time.

3.5 Proposal Evaluation and Notification for Negotiations

SWEA will review the proposals and follow-up as appropriate for each proposal. Interviews may be scheduled with the finalist. Following the interview period, SWEA will select finalists and move to contract negotiations.

3.6 Proposal Format and Submission

Each respondent must submit an “Intent to Respond” plus a project proposal (Appendix A) by the required deadlines to be considered for this RFP. Six copies of the project proposal shall be mailed to the address listed below. Faxed and emailed proposals will not be accepted. Project proposals must be received no later than 5:00pm MST on September 7, 2007. SWEA will not be obligated to consider information received after this date for the purposes of this RFP.

Submit proposal to:

Gregor Goertz, Chairman
Slater Wind Energy Association, LLC

3.7 The respondent’s proposal must be signed by a duly authorized officer or agent of the company submitting the proposal, certifying to the representatives and warranties stated therein.

4. RFP GOVERNING PROVISIONS

All submitted proposals are subject to the following additional provisions:

4.1 Right to accept or Reject Proposals

SWEA reserves the right to reject any and all proposals; to waive any nonconformity in proposals received; to accept or reject any or all of the terms in the proposal; and to award any contract, in whole or in part, as it is deemed necessary in SWEA’s best interest. SWEA may also choose to negotiate any of the details of proposals prior to contracting.

4.2 Ownership and Return of Proposals

All materials submitted in response to this RFP shall become the property of SWEA and shall not be returned to the respondent.

4.3 No Verbal Addendums

No verbal agreement or conversation made or had at any time with any SWEA member or representative, nor any oral representation by such party shall add to, detract from, affect or modify the terms of the RFP, unless specifically included in a written addendum issued by SWEA.

4.4 Proposal Costs

Each proposal prepared in response to this RFP will be prepared at the sole cost and expense of the respondent and with the express understanding that there will be no claims whatsoever for reimbursement from SWEA.

4.5 Waiver of Claims

The respondent waives any right it may have to bring any claim, whether in damages or equity, against SWEA or its Managers with respect to any matter arising out of any process associated with this RFP.

4.6 LLC Rights Reserved

SWEA reserves the right, in its sole discretion, to reject any or all proposals in whole or in part, to waive any minor irregularities in a proposal, and to enter into any agreement deemed to be in their best interest. In addition to any other enumerated reserved rights and/or options as stated in this RFP, SWEA may, in its sole discretion, do any one or more of the following:

- Determine which proposals are eligible for consideration in response to this RFP.
- Disqualify proposals that do not meet the requirements or mission of SWEA, in the sole determination of SWEA and its members.
- Negotiate with any respondent to amend any proposal.
- Select, negotiate and enter into agreements with respondents who, in SWEA's sole judgment, are most responsive to the RFP and whose proposals best satisfy the interests of SWEA, in SWEA's sole discretion, and not necessarily on the basis of price alone or any other single factor.
- Issue additional subsequent solicitations for proposals, including withdrawing this RFP at any time and issuing a new RFP that would supersede and replace this one.
- Vary any timetable or change any provisions discussed herein.
- Conduct any briefing session or further RFP process on any terms and conditions.
- Suspend or modify the RFP process at any time.

- Enter into relationships with more than one respondent.

4.7 Resulting Contract

The selected Respondent will be required to execute a written contract with SWEA and/or with individual SWEA members. No award will be considered a commitment, and no obligations or legal relations shall exist between SWEA and the selected respondent until final and binding contracts has been executed by and between SWEA and/or members and a selected respondent.

Negotiations for such contracts can generally be completed quickly. In some cases, a few terms and conditions may need to be substituted or waived in contract negotiations. Any party involved in these contract discussions can terminate negotiations at any time and for any reason. If it appears to SWEA that contract negotiations are not proceeding in a timely manner, SWEA may opt to terminate the discussions and select another respondent.

4.8 Disclaimer

The intent of the Slater Wind LLC is to represent its members (landowners) as a single entity to negotiate and reach agreement with wind energy developers and/or investment companies. Upon completion of negotiations, landowners who are active members of SWEA will be responsible for signing individual land lease contracts and not SWEA. SWEA is not and will not be responsible or liable for the signing of individual land lease contracts.

APPENDIX A: PROJECT PROPOSAL

Slater Wind Energy Association, LLC
Request For Proposal (RFP) for Wind Energy Development

Please Print Clearly

Company: _____

Address: _____

Contact Name: _____

Contact Title: _____

Telephone Number: _____

Facsimile Number: _____

Email Address: _____

Project Name: _____

Please attach your project proposal. The proposal should be specific and address all of the requirements outlined in this RFP. Respondents may choose their own format in presenting proposals.

Signature of authorized representative:

Name: _____

Title: _____

Date: _____

Mail Project Proposal (six copies) to:

Gregor Goertz, Chairman
Slater Wind Energy Association, LLC

Additional items included with RFP in appendix:

- Slater Wind Energy Association, LLC Project Map. Project area is Designated in Green (Project Boundaries are Draft).
- Proposed County Wind Siting Regulations
- Wildlife Assessment for the Project Area