

Contact us

Red Rock Wind Energy
418 Central Ave.
Estherville, Iowa 51334
712-362-7272
www.RedRockWind.com

Field Specialists

Lindsey Pelstring
lpelstring@nationalwind.com
612-746-6609

Al Blum
alan.blum@blumandleonard.com
712-380-7272

Bob Schacherer
bob.schacherer@blumandleonard.com
712-260-3624

Kristin Ross
kristin@webwireless.net
712-330-5280

FEEDBACK FROM THE FOOTPRINT....4

President Obama's Energy Plan Could Benefit Iowa's Wind Industry

Our 44th U.S. President, Barack Obama, has laid out an ambitious clean energy plan. In his inaugural address, he highlighted energy as one of the major challenges facing the nation.

"Each day brings further evidence that the ways we use energy strengthen our adversaries and threaten our planet," he said. "We will harness the sun and the winds and the soil to fuel our cars and our factories."

Iowa Governor Chet Culver is in strong support of President Obama's detailed energy plan that calls for further investment in wind energy. According to recent statistics, Iowa has once again moved up to third in the nation in wind energy production.

As of November 2008, Iowa has nearly 1,400 wind turbines installed that produce over 1,300 megawatts of clean energy.

"President Obama has a record of supporting Iowa's wind energy industry, and he has a plan to strengthen it and create quality green-collar jobs throughout Iowa and the nation."

The wind energy sector alone accounts for 2,300 jobs around Iowa.

Many people in the renewable energy industry are expecting the clean technology industry to get a major boost by its new commander in chief. Many are unsure of exactly what he will be able to achieve during his first term in office and feel the goals he has set forth will be challenging to meet.

However, many say his plan is exactly what the wind energy industry needs to prepare for the future.

Some of the proposed legislation in President Obama's plan that will help the wind industry include:

•**Extend the federal Wind Production Tax Credit (PTC)** for 5 years.

•**Invest in a Smart Grid.** Obama's administration said it will pursue a "major investment" in the national utility grid using smart metering, distributed storage and other advanced technologies.

•**Establish a federal Renewable Portfolio Standard (RPS)** that requires 10% of electricity to come from renewable sources by 2012, and 25% by 2025.

•**Double Farm Bill funding for wind programs.** Demand for the Rural Energy for America Program exceeds available funding by about a three to one margin. To close that gap, President Obama proposes doubling this program to increase incentives for locally-owned wind power.



RED ROCK WIND ENERGY UPDATE

FEBRUARY 2009 NEWSLETTER

Feedback From the Footprint

First there was the North Star Wind Farm. Now a new wind of excitement is blowing through northwest Iowa, as landowners in Emmet and Dickinson Counties learn about the progress of the next large-scale, community-owned wind development for their area: Red Rock Wind Energy.



418 Central Ave.
Estherville, Iowa 51334

IN THIS ISSUE:

TWO Red Rock Wind Energy Announced to the Community

THREE First Meteorological Tower Installed

FOUR President Obama's Wind Energy Policy Plans



GREETINGS FROM YOUR BOARD OF ADVISORS AND NATIONAL WIND

On behalf of Red Rock Wind Energy's Board of Advisors and National Wind, we would like this newsletter to serve as an important introduction of Red Rock Wind Energy to the local community.

Formed in August 2008, Red Rock Wind Energy is a complimentary project to the North Star Wind Farm, a 200 megawatt development slated for construction in the 4th quarter of 2009. Red Rock Wind Energy and the North Star Wind Farm follow

a community-wind ownership model, giving local landowners the opportunity to become project owners.

The primary goal of both developments is to provide long-term benefits to the community, helping keep the potential proceeds of wind energy local.

Red Rock Wind Energy, LLC was formed by the founding local investors, Al and Linda Blum, Dick Bockman, Ron and Theresa Eick,

Doug and Sue Evans, Tim and Julie Fairchild, Dave and Bev McBreen, Stacy Olson, Terry and Deb Olson, Jim and Diane Richard, Ryan and Kristin Ross, Bob and Jan Schacherer, and Paul and Janet Smith, along with National Wind, LLC. The company's plan is to develop at least 300 megawatts of wind energy facilities in Emmet and Dickinson Counties, Iowa. Read on to learn more about this development.



Red Rock Wind Energy Announced to Local Community: A Project Summary

The development of wind energy in Northwest Iowa is expanding again with the formation of the community-owned wind farm development company, Red Rock Wind Energy. Red Rock Wind Energy was formed and capitalized in August 2008 by local investors and its project manager, National Wind. The project company's plans for developing 300 megawatts of wind energy were publicly announced to the local community during a landowner meeting on Monday, September 29th, 2008 at the Elks Club in Estherville. Nearly 100 landowners attended.

At the meeting, members of National Wind's development team, consisting of co-chair, Jack Levi and senior developer, Ben Kerl, along with field specialists, Lindsey Pelstring, Kristin Ross and Red Rock Wind Energy's Board members, introduced the company's plans for development.

The basics of the project's development were covered, including a project summary and an overview of the community wind business model.

Because Red Rock Wind Energy is a complimentary project to the North Star Wind Farms, National Wind has extensive information on Red Rock Wind Energy's project site and the local climate for site control, investment and permitting. The project area (where the wind farm will be built) covers approximately 90 square miles of land in Emmet and Dickinson Counties, near the towns of Terril, Wallingford, and Estherville.

The initial feasibility study for the project, which included preliminary wind, transmission, and environmental analyses, was completed in June of 2008. Results were indicative of a positive area for commercial wind farm development.

With the installation of a meteorological tower in October 2008, the on-going next step in project development includes our field team working on meeting with local landowners within our project's footprint to present our wind option and lease agreement.

A large portion of land is needed for this project's development.

Currently, over one third of the acres of land needed for the project are leased. Red Rock Wind Energy's field team, consisting of Al Blum, Bob Schacherer, Lindsey Pelstring and Kristin Ross, will continue to work with landowners throughout 2009. If you are interested in learning how you can become involved, contact Red Rock Wind Energy's main office at 712-362-7272.

In 2008, Red Rock Wind Energy also introduced the project to utility companies interested in purchasing electricity from wind energy developments. Red Rock Wind Energy will be in frequent contact with these utilities throughout 2009, working out the best method of incorporating the project into their agenda for purchasing renewable energy.

Besides site control and utility efforts, additional transmission and wind studies will continue throughout this year. It's a busy road ahead for Red Rock Wind Energy, but the future continues to look bright.

Red Rock Wind Energy Installs a 60 Meter Meteorological Tower

National Wind Assessments, the wind resource analysis division of National Wind, installed Red Rock Wind Energy's first 60 meter meteorological (met) tower in October 2008 to collect wind data for a minimum of one year's time.

A met tower is a multi-instrument device which records wind speeds, wind direction, temperature, and air density over time, leading to a complete depiction of the wind attributes of a project site. A minimum of one year of continuous, on-site, wind data is needed for effective site evaluation and wind turbine placement. An accurate wind speed and energy assessment is the fundamental foundation for project planning, development and financing for any wind project.

"Based on our preliminary wind resource analysis for Red Rock Wind Energy and some of the initial data collected from the new met tower, the project site has some of the best wind speeds in the country," says Kevin Romuld, President of National Wind Assessments. "More on-site wind data will be acquired throughout the year, to account for seasonal changes, but the results thus far indicate an excellent wind regime. The 60 meter data will definitely assist in providing the most precise annual energy production estimates. The more accurate and complete the information is, the more interested utility companies will be in buying electricity from our project."

Red Wind Energy also has a wealth of existing, nearby on-site wind data. For Red Rock Wind Energy's preliminary wind resource analysis, National Wind Assessments collected data from 4 meteorological towers within the area that are owned and operated by the North Star Wind Farms. The four towers are located in Emmet and Dickinson Counties, Iowa. This long-term existing data helps provide a comprehensive energy calculation for Red Rock Wind Energy's new layout.

Red Rock Wind Energy: A Community Development Approach

Red Rock Wind Energy and its project manager, National Wind, follow a different approach to wind energy development than most other wind projects in the state of Iowa.

The main distinction is that local community members have opportunities to become owners in the development company, Red Rock Wind Energy. Red Rock Wind Energy is owned by Iowa residents and is organized as a local limited liability company, under the laws of Iowa.

Below delineates in detail, a more integral look at the benefits of this development approach over non-community-based wind energy projects.

Familiar business structure. Because Red Rock Wind Energy is structured as a limited liability company, in which local landowners can exchange for wind rights and/or invest capital to receive a share in ownership of the company. Farmers are familiar with this model, and landowners are more apt to get involved in a wind energy project that follows a model similar to traditional agri-business structures.

Community voice. We create an open forum for community insight, communication, and participation in every project LLC. We incorporate landowner representation formally through a local advisory board and ensure that landowners and investors have enduring avenues to positively influence the development process. These opportunities for involvement engender broad local support.

Benefits to local economies. Compared to developer-owned projects, community-based developments distribute more benefits to local economies. Local ownership enriches rural economies and increases local support.

Economies of scale. Because National Wind, local landowners, and other community members pool their financial resources to build Red Rock Wind Energy, this project development can achieve economies of scale unavailable to smaller community projects. Larger scale allows our community wind project to be economically competitive with traditional utility-scale projects.

Ease of permitting. Red Rock Wind Energy, because it is community-owned, has low rates of local opposition. Local governments are more likely to permit community projects that make the most of the broad community support and potential returns to the area. A good outlook on permitting also tends to stimulate interest from utilities.

Appeal to utilities. Utility-scale community wind projects provide adequate electrical output to interest a utility, participate in the large-scale market and compete with non-community based projects. For smaller wind projects, finding a utility to purchase its electricity and successfully negotiating a power purchase agreement can be significant challenges.

Wind Energy Is Competitive When Compared To Traditional Energy Sources

Wind energy is now cost-competitive when compared to traditional power sources, including natural gas, coal, and nuclear: problems are significant issues for fossil-fuel generated energy. With no fuel costs involved, the cost of wind energy production in good locations is a very competitive energy source.

Advanced Wind Turbine Technology Helps Decrease Cost. In the early 1980s, after the first installation of utility-scale wind turbines, the cost of wind-generated electricity peaked at 30 cents per kilowatt-hour (kWh). Because the economics and technology of wind energy has improved dramatically over the past twenty years, the cost of wind-generated electricity has dropped approximately 90 percent. Now, with the Production Tax Credit (PTC), state-of-the art wind power plants can generate electricity for less than 5 cents/kWh, making it competitive with other fossil-fuel generating energy sources.

Environmental Cost Benefits. The environmental impact of fossil fuel use is overwhelming. All of society must pay the price for dirty air, polluted water, health care costs, global warming, fuel spills, and its cleanup and disposal. Clean, renewable wind energy does not produce greenhouse gas emissions, therefore having a positive impact on the community.

The Production Tax Credit (PTC). The PTC provides wind energy with a tax credit, based only on electricity produced (not dollars invested), equal to an inflation-adjusted 1.5 cents (currently 2.1 cents), for each kilowatt-hour generated over the first ten years of the project. This credit reduces taxes paid by the wind farm, thereby reducing the cost of wind-generated electricity to the consumer.

Other energy sources are heavily subsidized. The PTC helps create a level playing field for wind, allowing it to compete effectively.

No Supply Problems and Price Fluctuations. Rapid price fluctuations and supply

FOX BUSINESS

Red Rock Wind Energy on National Television



Al Blum, Chairman Red Rock Wind Energy

Red Rock Wind Energy was announced publicly to local and national media on December 11th, 2008. Local media outlets, including the Estherville Daily News, the Wallaces' Farmer website, and the Agri News amongst others, ran articles about this new development, creating a buzz in the community.

However, little did anyone know that Red Rock Wind Energy would attract national attention until Fox Business News called. They wanted to feature the project on their live, 24-hour news channel. So on December 18th, 2008, Al Blum, Chairman of Red Rock Wind Energy, took the spotlight for the development, talking briefly about the project's formation, about National Wind, and about our community-based wind approach.

"It was an exciting opportunity for Red Rock Wind Energy," says Blum. "Although it was only a couple minutes of fame for our wind energy company, hopefully it generated some general awareness across the U.S. not only about Red Rock, but about community-based wind energy."

As Red Rock Wind Energy's progresses, more press releases will be created for distribution, with hopes of creating more than just a couple minutes of "fame" for the project.

"It was definitely a good thing for the project and it was a privilege to represent the company. Hopefully we can get the chance to do more things like this for Red Rock Wind Energy in the future," Blum says.

To watch the Fox Business News segment, please visit our website: <http://www.redrockwind.com/foxbusiness121808>