



West Texas Wind Wire

July 2006



It's Official

Texas towers above the rest

When FPL Energy switched on roughly 300 MW at Nolan County's Horse Hollow 2 wind project in June, West Texas quietly eased past California to lead the Western Hemisphere in wind energy capacity.

Now, the American Wind Energy Association has officially announced to the world that West Texas is the host to the most.

AWEA's Susan Williams Sloan traveled to West Texas in mid-July for the Wind Energy Trade Fair at Trent, verifying the turbine count that West Texans had been watching rise by the hour. Within two weeks after the Trent conference, AWEA issued their new wind energy rankings.

Moving past California is a major milestone for Texas and for wind energy in the Americas. California was the global wind energy pioneer and has been by far the undisputed leader



outside of Europe for almost 25 years. AWEA's July 2006 report shows California with 2,323 MW of wind capacity and West Texas with 2,370.

Roughly 820 MW of new wind capacity has been added across the U.S. in the first half of 2006, and West Texas has accounted for almost half of that increase.

U.S. installed wind capacity is now just below 10,000 MW, and West Texas accounts for ap-

proximately 25 percent of U.S. wind energy capacity.

West Texas projects already underway and others anticipated in 2007 could push Texas wind capacity over 4,000 MW — enough to power about 1 million homes.

In the region, New Mexico has 406 MW installed, Oklahoma has 475 MW, and Kansas has 264 MW of wind energy. Arkansas has 0.1 MW (100 kilowatts) installed.

Trailing Texas and California but ahead of Oklahoma and New Mexico are Minnesota and Iowa.

Iowa had 836 MW at the end of 2005, added no turbines in the first half of 2006, and has none under construction.

Minnesota had 744 MW at year-end 2005 and added 12 MW so far in 2006. Minnesota has about 27 MW under construction.

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West Texas projects under construction

- *Sweetwater 4 & 5*
- *Horse Hollow 3*
- *Buffalo Gap 2 & 3*
- *Lone Star*
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- *Red Canyon*
- *Wildorado*

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Wind energy continues rise across West Texas

FPL Energy's Horse Hollow 2 made West Texas the wind energy leader in the Americas when the project was energized in June. When Horse Hollow 3 is energized in a few weeks, U.S. wind energy capacity will top the 10,000 MW threshold.

What happens in West Texas sets the standard for the U.S. and the Western Hemisphere — and affects global energy strategies.

As of July 2006, U.S. wind energy capacity stands at 9,971 MW, so that the 10,000 MW mark is well within the reach of the dozens of 2.3 MW Siemens turbines rising above the grasslands around Nolan, Texas, home to FPL Energy's 700 MW Horse Hollow wind project. Horse Hollow stretches 40 miles from near Coronado's Camp in Taylor County to Texas Highway 70 south of Sweetwater.

Vast as it is, Horse Hollow is just one of several West Texas projects that alone could swallow the entire installed wind capacity of almost any other state. In fact, only four states (including Texas) have more wind energy operational than Horse Hollow.

Some of the other notable West Texas projects under active construction include Sweetwater 4-5, Buffalo Gap 2-3, Lone Star, Red Canyon, Wildorado, Forest Creek, and Sand Bluff.

Together with existing West Texas projects, the rising wind farms could give West Texas a total of

4,000 MW by 2007.

Sweetwater phases 4 & 5 will grow Babcock & Brown's mammoth 262 MW Nolan County project by roughly 200 MW. The project is in the Blackwell CISD and Highland ISD school districts. The expansion will involve 2.3 MW Siemens and 1.0 Mitsubishi turbines.

Buffalo Gap phases 2 & 3 will expand AES-Seawest's 120 MW Taylor County project into Nolan County with the addition of hundreds of MW in the Blackwell CISD.

Horizon Wind Energy LLC is actively constructing the 400 MW Lone Star energy project in Shackelford County (Albany) and

Callahan County. The project is in the Albany and Clyde school districts.

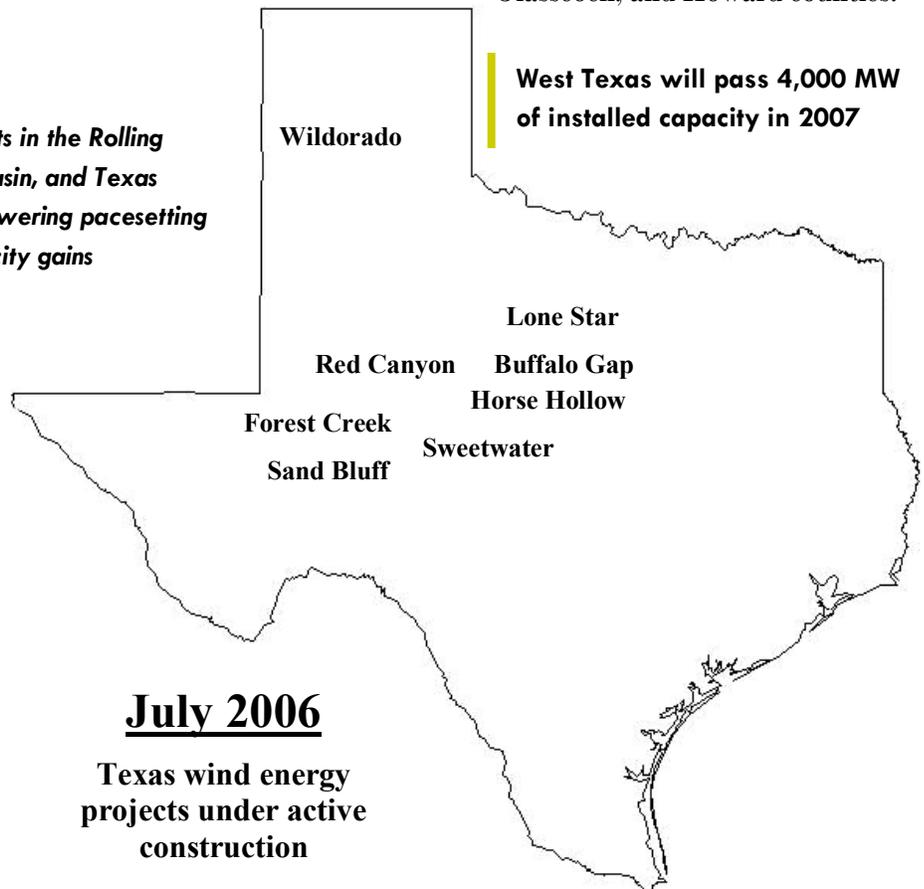
FPL Energy's 84 MW Red Canyon project is rising in Scurry, Borden, and Garza counties — in the Greater Fluvanna-Gail region.

Cielo Wind Power's 160 MW Wildorado project is particularly important as the largest project to date in the wind-rich Texas Panhandle. Located between Wildorado and Vega in Oldham County, the output will be sold into the Southwest Power Pool.

Airtricity is making its debut in the Texas market with the Forest Creek and Sand Bluff projects in Sterling, Glasscock, and Howard counties.

New wind projects in the Rolling Plains, Permian Basin, and Texas Panhandle are powering pacesetting West Texas capacity gains

West Texas will pass 4,000 MW of installed capacity in 2007



July 2006

Texas wind energy projects under active construction





“Boldest & Grandest”?

“Texas, our Texas! So wonderful, so great! Boldest and Grandest, withstanding ev’ry test.”

So go the words of the Lone Star State Song. Now our State’s elected officials and electric grid regulators have a unique opportunity to live up to the words sung by Texas school children — or to fumble away a multi-billion-dollar energy boom like a Friday night gridiron nightmare.

Lone Star Opportunity

Texas is at a turning point in the rapid evolution of the North American wind industry. Texas has surged past California, and our leadership in Western Hemisphere wind energy seems secure through the end of this decade — a combination of frenetic Texas construction and a large gap to third place.

But the decisions that will be made in Austin later this year and in 2007 will determine whether Texas continues as the 21st Century’s Lone Star of wind — or merely a fiery short-lived shooting star.

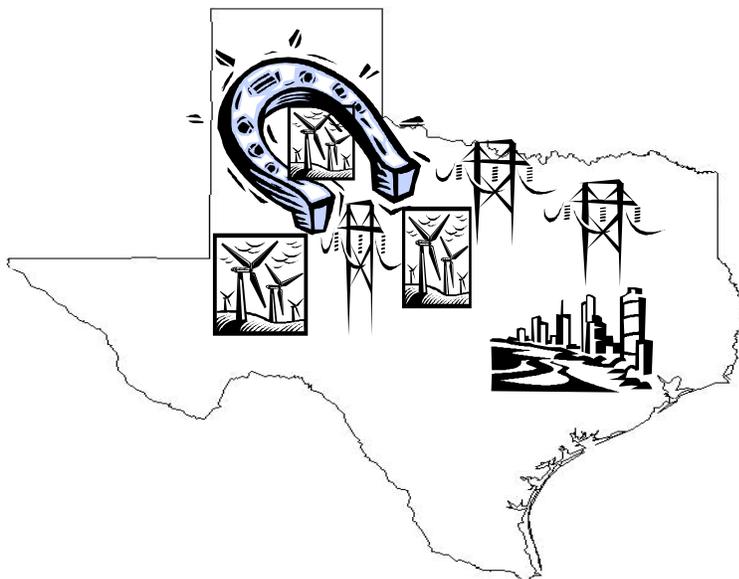
Texas leaders — Governor, legislators, and regulators — have the opportunity to firmly establish Texas as an electric energy exporter or to settle for a “just get by” minimum approach.

The pioneering McCamey-Permian Basin wind region is temporarily capped out in transmission availability. The wind-rich Texas Panhandle has barely breathed a breeze due to transmission isolation. The booming Rolling Plains wind region could tap out the ability of the metro electric grid to accept the vast amounts of clean West Texas wind energy that can be sent east.

The Process

Officials at the Public Utility Commission of Texas (PUC) and the Electric Reliability Council of Texas (ERCOT) are working with stakeholders to implement the Texas Legislature’s directive to develop a more extensive and robust electric transmission network.

In order to open up more land to wind energy development, the Legislature in 2005 required the PUC and ERCOT to evaluate geographic areas as renewable energy generation zones — dubbed “Competitive Renewable Energy Zones” or CREZ.



Texas transmission system must be upgraded to connect Panhandle wind and to provide multiple robust links to metro markets.

Dozens of West Texas counties dominate the candidate list for new transmission, but it is crucial for West Texas landowners, elected officials, and business leaders to be vigilant and active as this process moves forward.

Some interest groups advocate development of new wind projects closer in to major metro areas rather than in West Texas.

Bold Concepts

Due to factors of climate, industry, and architecture, Texas consumes more energy than any other state. While Texas leads in wind energy capacity, only about 2% of our state’s electricity requirements are met by wind. Meanwhile, the potential wind energy capacity in West Texas dwarfs ERCOT’s total 62,000 MW peak demand.

Wind-friendly West Texas leaders and landowners — combined with vast land and wind resources — assure that Texas has the capability to maximize wind’s potential contribution to Texas energy consumption. The key impediment is a fragmented electric grid.

The bulk of the Texas electric grid is ably operated by Taylor, Texas-based ERCOT, but the grid developed historically based on the needs of individual utilities and urban development in the 20th century. It’s not designed to move huge amounts of clean energy from vast West Texas into congested metro areas along I-35 and I-45.

Three proposed elements would maximize economic benefits for West Texas, lower electricity prices throughout ERCOT, and aid metro Texas in meeting federal clean air laws:

- (1) substantial upgrade of bottlenecks between West Texas and the Metroplex;**
- (2) robust upgrade of lines from southwest Texas into San Antonio, Austin & Houston; and**
- (3) construction of the proposed Panhandle Loop Project from the wind-rich Panhandle into ERCOT.**

West Texas and wind energy are continuing proof that the “Empire wide and glorious . . . stand[s] supremely blest”.

West Texans hope that Austin takes bold action allowing Texas to capitalize on these blessings by enabling us to put more wind on more wires ASAP.



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Representing America's
energy independence region

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West Texas Wind Energy Consortium invites you to join in a new era of joint action to capitalize on the value of wind energy to West Texas.

Our region supplies more than 25 percent of U.S. wind energy capacity, and only 4 foreign nations produce more wind energy than West Texas. This rapidly expanding industry provides substantial job creation potential and tax base growth for our region, and the outlook is strong into coming decades.

To facilitate a strong West Texas-wide effort to maximize our common economic benefits, leaders throughout the region are forming the West Texas Wind Energy Consortium across the breadth of West Texas: the Rolling Plains, Permian Basin, Pecos Valley, Texas Panhandle, Texas Mountains, and the Red River Valley —

West Texas . . .

America's energy independence region.



Texas manufacturers energize global wind

Industrial workers across Texas play a crucial role in supplying a wide range of components for the global wind industry.

Building on that manufacturing foundation is the objective of the inaugural Texas Wind Industrial Network Summit (Texas WINS I) to be held in San Angelo on Wednesday, Aug. 9.

Texans from Amarillo to Austin and Barr Fabrication to Teco-Westinghouse will come together to assess opportunities to expand existing and new Texas industry in the booming wind energy sector.

Industrialists, local community economic developers, elected officials, and state policymakers will meet to discuss wind component manufacturing opportunities and obstacles.

“The aim of the Summit is to explore opportunities and potential barriers for industrial retention, expansion, develop-

ment, and recruitment,” said Greg Wortham, executive director of the



Welder at Barr Fabrication LLC in Brownwood

West Texas Wind Energy Consortium and a leader in the Texas WIND Initiative — Wind Industrial Network Development.

The Texas WIND Initiative aims to identify all Texas industrial companies that supply components to the wind industry globally and to maximize future Texas industrial activity.

Speakers will represent the Governor's office, Texas Tech University, Greater Austin Chamber of Commerce, Texas General Land Office, Texas State Technical College, and more.

Industries from Nacogdoches to El Paso and Abilene to Houston are integral parts of the global wind industry.

Registration is \$75 for the all-day Texas industrial conference.

Contact texaswind@wtconnect.com for more details.

