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Renewable Energy Project Financial Incentives per Law and IRS Regulations

- Production Tax Credits-PTC Per MWhr
 - Based on energy production
- Investment Tax Credits-ITC Per \$ Project Cost
 - Grant Based on ITC Basis
- Accelerated Depreciation-5 Yr MACRS
(20;32;19.2;11.52;11.52;5.76% of eligible basis)
 - Bonus depreciation-50% of MACRS basis for 2009
- Federal Loan Grants and Guarantees-DOE
- State and Local Grants and Incentives-varies by state

Renewable Energy Project Financial Incentives per Law and IRS Regulations

- ⦿ ITC Based on Investment Amount—eligible basis 95%
typical receive 30% as a tax credit
 - ⦿ MACRS basis reduced by $\frac{1}{2}$ of credit amount
 - ⦿ Mutually exclusive with PTC
 - ⦿ More favorable under certain conditions—DOE Grant
 - ⦿ Projects placed in service by end of 2012 (construction start by 2010).
- ⦿ PTC currently 2.15 cents/Kwhr Production based for 10 years adjusted for inflation
 - ⦿ Projects in service before end of 2012 are eligible
 - ⦿ Production risks assumed by owner

Renewable Energy Project Financial and Green Power Incentives

- ④ ITC and PTC Value Captured by Owners with Tax Appetite
 - ④ Adhere to IRS rules and regulations
 - ④ Subject to recapture rules
 - ④ Most favorable situations involve up front use of credits
 - ④ Projects placed in service by end of 2012 (construction start by 2010).
- ④ Structuring of Investors and Project Ownership by Experienced Developers
- ④ Renewable Energy Credits (RECS)
 - ④ Production Based