

What happened with the Wray School District wind turbine?

We feel it is important to clarify two issues:

First, due to the unavoidable delay with this project, that *NativeEnergy* has **not** yet paid the Wray School District. The project was built in reliance on our **commitment** to do so, but we always withhold funding until the project is successfully operating, so we can keep our commitments to our clients that we will replace a project if it fails in development. On our web site and in our agreements, it is quite clear

(http://www.nativeenergy.com/pages/your_choices/35.php):

“We commit to these projects that if they proceed with development, **when they achieve and demonstrate successful operations**, we will purchase and pay up front for all the carbon or other offsets their project is conservatively estimated to generate over its operating life.”

Second, the delay certainly does not deprive our customers of the many benefits they are purchasing. Our agreement with the Wray School District is for 25 years **from the date of commercial operations**, so this unavoidable delay is simply postponing the start date of our agreement, but will not shorten it.

On schedule, we contacted the folks at the Wray School District in mid-July and requested they provide Q2-08 performance data* (and any Q1 data); this is a contractual obligation. At that time *NativeEnergy* was informed of the performance issues.

Dale Osborn, the president of Distributed Energy Systems, Inc. (www.disgenonline.com), a well-respected renewable energy project developer, was hired by the Wray School District to help them get their project built. Dale recommended this model turbine to the school, specifically because it is a direct drive system (no gearbox, the component that fails in wind turbines most often), which has performed very well throughout Europe.

“I have spoken at length with the original European developers of the electrical inverter technology and they have taken the appropriate action to correct this problem. The issue is a result of a licensed manufacturer in Canada producing an inverter that has not performed properly. The owners of the technology have stepped in to replace the inverter with one manufactured in Europe, which has been deployed extensively with no problems.”

– Dale Osborn

The CEO of Americas Wind Energy, Inc. (www.awewind.com) has provided the following estimated timeline for replacing the faulty power converter on the School's wind turbine:

EXPECTED TIMELINE

for replacement of the faulty power converter and schedule for the Wray School wind turbine to be fully operational:

Tuesday, July 29, 2008	replacement power converter arrived at the Wray School
Thursday, July 31	technicians will begin disassembling malfunctioning power converter (typically 2-3 days)
Sunday, August 3	technicians scheduled to begin installing the new power converter (3-4 days)
Wednesday, August 6	power converter installation completed, check-out and certification begins
Friday, August 8	commissioning of turbine – engineers will complete the process, including testing and commissioning over 3-4 days
Tuesday, August 12	Wray School District wind turbine expected to be fully operational (power generation depends on available wind)

* If the Wray School District wind turbine had gone online according to schedule in the latter part of Q1-2008, there would not have been a significant amount of data.



Wray School District Wind Turbine Project – Update 7/25/07

Sometimes ordinary people who attempt to do extraordinary things encounter unforeseen challenges. The school district in the small, rural town of Wray, CO has faced a few challenges they could not predict in developing their renewable energy project. Their wind turbine, the first large-scale wind turbine in our nation to be owned and operated commercially by a school district, was scheduled to be online by now. But a malfunctioning power converter created

unavoidable delays. Replacing this component was further complicated when the U.S. distributor of the Danish-made wind turbine recently changed ownership. The malfunctioning component is now being replaced, so the turbine should be fully operational in early August. The wind turbine will generate electricity, environmental benefits, and educational opportunities, as well as reduced energy costs for the Wray School District.

NativeEnergy's unique forward stream model brings upfront financing to help new renewable energy projects like the Wray School District wind turbine get built. Once the project achieves commercial operation we purchase the offsets on behalf of our clients. The time period over which the offsets are generated commences after commercial operation is achieved, which, in the case of the Wray School District project will be after the component is replaced on its wind turbine.

This situation clearly demonstrates why new renewable energy projects like this project need upfront capital – including the financing provided by *NativeEnergy's* community – to overcome challenges on their path to operation. It also demonstrates that well-designed and financed community-based projects can be successfully developed, and importantly, that a small group of thoughtful, committed citizens can change the world.

For more information about our methodology, detailed answers on commonly asked questions relating to carbon offsets, e.g., “How do you estimate how much CO₂ pollution is reduced?”, “Are some carbon offsets better than others?”, and “What if my project breaks down?”, please visit our web site at: http://www.nativeenergy.com/pages/faq_s/15.php. For our terms and conditions, please visit: http://www.nativeenergy.com/pages/terms_and_conditions/93.php