

# Executive Summary

OneEnergy Renewables™ (OER or Company) is an integrated developer of utility-scale clean energy projects and seller of renewable energy certificates (RECs). OER creates value for third-party project investors by originating projects and minimizing the risk of project ownership. An important way that the Company increases ROI for project investors is through its direct access to renewable energy and carbon markets and the sale of RECs.

## **Milestones Reached**

OneEnergy Renewables began operating in the spring of 2010 and to date has:

- Signed lease terms with landowner for an approximately **10 MW solar photovoltaic facility** in Eastern Oregon
- Signed contract to develop an approximately **\$25M bio-gas facility** for landowner in Eastern Oregon
- Partnered with landowner for a **40+ MW wind farm** in Northern Ohio
- Signed contract to develop **100 KW solar photovoltaic project** for landfill owner in Southern Oregon
- Signed **joint venture terms with national electrical and communications contractor** to source and develop solar projects
- **Initial REC sales revenue** from 20 corporate customers

## **Market Opportunity**

### **Recent developments have created compelling opportunities:**

- Dramatic reduction in installed capital costs for clean energy technologies
- Widespread adoption of state regulations and corporate sustainability goals that significantly increase demand for green energy and RECs
- Significant increases in state and federal renewable energy financial incentives
- Maturation of U.S. renewable energy and carbon markets through which RECs are sold
- Market growth does not depend on additional government regulation (yet OER is well-positioned to capitalize on that eventuality)

## **Market Size**

### **The U.S. market for clean energy facilities is growing rapidly:**

- Total Market- Despite a deep recession, clean energy facility capital investment totaled \$18.6B in 2009, double the amount spent in 2004
- Solar- 485 MW installed in 2009 costing \$3B, up 36% from 2008; expected to exceed 1,000 MW in 2010 and 5,000 MW annually within 5 years
- Wind- 9,900 MW added in 2009 costing \$14B, up 39% over 2008. Total U.S. wind power capacity now exceeds 35,600 MW and is predicted to be 180,000 MW in 2020
- Total Addressable Market- approximately 11,000 MW costing \$22B by 2015

### **The U.S. markets for RECs are growing rapidly:**

- Compliance Segment- About \$200M in 2010, will likely exceed \$1B annually in 5 years under current renewable portfolio standard regulations in 29 states. The market for compliance RECs would exceed \$3B annually if a federal renewable portfolio standard is adopted.
- Voluntary Segment- About \$150M in 2010, expected to reach \$800M annually by 2015. Driven by corporate sustainability The market for voluntary purchases of *Green-e Energy* certified renewable energy grew by 43% in 2009 over 2008. (OneEnergy Renewables sells Green-e Energy certified RECs only.)
- Total Addressable Market- OER estimates will grow to approximately \$360M by 2015

## **Clean Energy Project Economics and RECs**

In the U.S., the increased costs of health care, air pollution, water pollution and other societal expenses caused by the production of electricity from fossil fuels are largely not included in the *price* of electricity. And although clean energy capital costs are decreasing rapidly, electric power from renewable sources costs more to produce than electricity from fossil fuels. To provide clean energy project investors a competitive ROI, clean energy projects require revenue above the market price of electricity (and/or to receive capital cost subsidies).

The mechanism by which clean energy projects monetize their environmental and societal benefits is through the sale of RECs. Electric utilities, in 29 states (and the District of Columbia) that have Renewable Portfolio Standards, are required to either produce a portion of their total power sales from clean sources themselves or buy it from independent renewable power producers like OER. The purchase of RECs (either bundled with electricity or separately) is the accepted way that utilities and businesses in the U.S. buy green power, reduce their carbon footprint and support the construction of new renewable energy facilities.

## **Business Model**

OER sites and permits renewable energy projects, and negotiates the power grid interconnection, REC sales, and utility power sales agreements which create value in the project. By performing these tasks well, OER minimizes risk for each project's third-party investors who ultimately fund project construction. OER also arranges project financing, and secures turn-key design/build/operate contracts with experienced vendors. OER receives development fees and may retain some project equity. In addition to developing some projects through the construction phase, OER is building a valuable pipeline of solar and wind development projects. Funding-ready projects are extremely valuable and can be sold, individually or collectively, to larger players.

Currently, OER buys high quality RECs and carbon offsets at wholesale prices and sells them directly to corporate and utility customers. As OER-developed projects come online, an increasing percentage of inventory will be sourced "in-house."

## **Strategy**

### Project development:

- Form strategic partnerships in select markets with clean energy technology service providers that know potential site owners, real estate professionals, local utilities and politics, the technology and can assist with permitting.
- Target select markets where conditions for creating financeable projects are favorable, including those with robust REC markets. Currently: Oregon, Ohio and Pennsylvania. As resources allow, and additional strategic partnerships are formed, enter: Maryland, California, New Mexico and Arizona
- Provide clean energy facility site owners above average royalty payments by better monetizing the RECs produced from projects on their land

### REC sales strategy:

- Focus all resources on the states in which OER is developing projects, because REC buyers perceive significantly higher value in supporting the construction of new renewable energy facilities that are located within relatively short distances
- Initially target industry segments in the voluntary market, which have a record of buying high volumes, with a small B2B sales force: higher education, IT, food & beverage, professional services and retail.
- As resources allow, target utilities in the same locations

## **Competition**

The clean energy development industry is highly fragmented. There are only a few competitors in the U.S. that are vertically integrated into REC sales, including Community Energy and Element Markets. Some U.S. and European technology manufacturers, under increasing price pressure from Chinese manufacturers, develop projects in order to sell their own products.

## Competitive Advantage

- **Uncommon Skills** OER team members bring an extensive project development history and expertise in the skills critical to clean energy development, having previously developed solar, landfill gas, waste-to-energy and biogas projects valued at more than \$200 million. Similarly, team members have deep experience in REC buying and retailing, and are recognized experts on the corporate, regulatory, and product certification issues that drive the market.
- **Access to Projects & Partners** The management team has well-established industry partner relationships that have already generated a significant project and contract development pipeline. New strategic partnerships and joint-ventures are being formed in target project development markets that will give OER access to the best available project sites.
- **Integrated Developer** OneEnergy Renewable's direct participation in project development and retail REC markets distinguishes it from most competitors and provides OER important advantages. Because OER sells RECs produced by its projects directly to retail customers (rather than through a broker or other intermediary), OER achieves higher fees for itself and higher revenues for the owners of its projects, increasing their ROI and the number of financially viable projects in OER's pipeline. Intimate knowledge of the complicated REC markets also provides OER with a strategic advantage in targeting the best project development markets.

## Team

Bryce Smith, CEO- A finance and business development professional with nine years experience developing renewable energy projects, Bryce has demonstrated success leading new ventures. As Director of Bonneville Environmental Foundation's ("BEF's") Project Management Group, Bryce oversaw BEF's nationwide investment in renewable energy facilities and developed more than 160 projects in 16 states.

Bill Eddie, President- Bill sources projects for development and leads OER's REC trading operations. At BEF, Bill was responsible for wholesale trading, project origination, and risk management. He also led BEF's investments in landfill and biogas projects. Prior to BEF, Bill's practice in energy and environmental law included utility ratemaking, renewable energy, regulatory affairs, air pollution, water quality, and public policy.

John Merrill, Managing Director, Project Development- John has extensive experience in site acquisition, facility engineering, permitting, contract negotiations, project management, and project finance. John previously developed utility-scale waste-to-energy facilities totaling over \$200 million. John is active in the environmental group at Social Venture Partners and serves on the Board of Directors of Northwest Energy Angels.

Abbey Lam, Director, Business Development- Abbey leads OER's REC sales. Previously, Abbey was BEF's Senior Sales Representative, independently closing over \$2.5 million in REC and carbon offset sales in less than two years, while also leading the REC sales team in key areas of marketing, customer relations and fulfillment.

## Financial Plan

OneEnergy Renewables, through October 2010, has raised \$300,000 out of \$700,000 sought in convertible notes. **OER is currently seeking another \$400,000 to complete the note raise.**

Use of funds is:

- Continue development of the existing 50 MW project pipeline
- Expand the project pipeline
- Recruit a senior REC sales and marketing professional and additional commission-based salespeople

A priced round to raise another \$1M - \$1.3M is anticipated in Q2 2011 to take the Company to projected breakeven cash flow in 2012.

Project Pipeline (MW)	2010	2011	2012	2013	2014	2015
Pipeline Size	50	135	284	429	663	965
Projects Built	0	1	8	62	90	139
*Pipeline Value (thousands)	\$2,500	\$6,750	\$14,200	\$21,450	\$33,150	\$48,250

\*based on a conservative market-based multiple of \$50,000 per MW

Financials (thousands)	2010	2011	2012	2013	2014	2015
Operating Revenue	\$73	\$725	\$2,885	\$5,800	\$10,310	\$20,400
COGS (REC)	-\$50	-\$270	-\$705	-\$1,642	-\$3,325	-\$6,500
Gross Profit	\$23	\$455	\$2,180	\$4,158	\$6,985	\$13,900
S,G,&A (including project development costs)	-\$460	-\$1,505	-\$2,324	-\$2,680	-\$3,286	-\$3,831
Operating Income	-\$437	-\$1,050	-\$144	\$1,478	\$3,699	\$10,069

### **Exit Potential**

OneEnergy Renewables, and/or its project pipeline, will be a natural acquisition target for: (1) large clean energy developers expanding their project pipelines through acquisition, (2) U.S. and European clean energy technology manufacturers, which face downward price pressure from Chinese manufacturers, seeking to buy a captive sales pipeline and (3) Wall Street firms seeking REC and carbon market trading expertise.

OER is currently aware of 9 recent M&A transactions in this space totaling \$2.3B. The average price paid in these transactions for project pipeline is well in excess of the \$50,000 per MW used to estimate the value of OER's project pipeline in the table above.

***OneEnergy Renewables offers a timely opportunity to invest in a proven business model in a fast growing industry with excellent exit potential.***

### **For More Information Please Contact**

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