

DISGen[®]

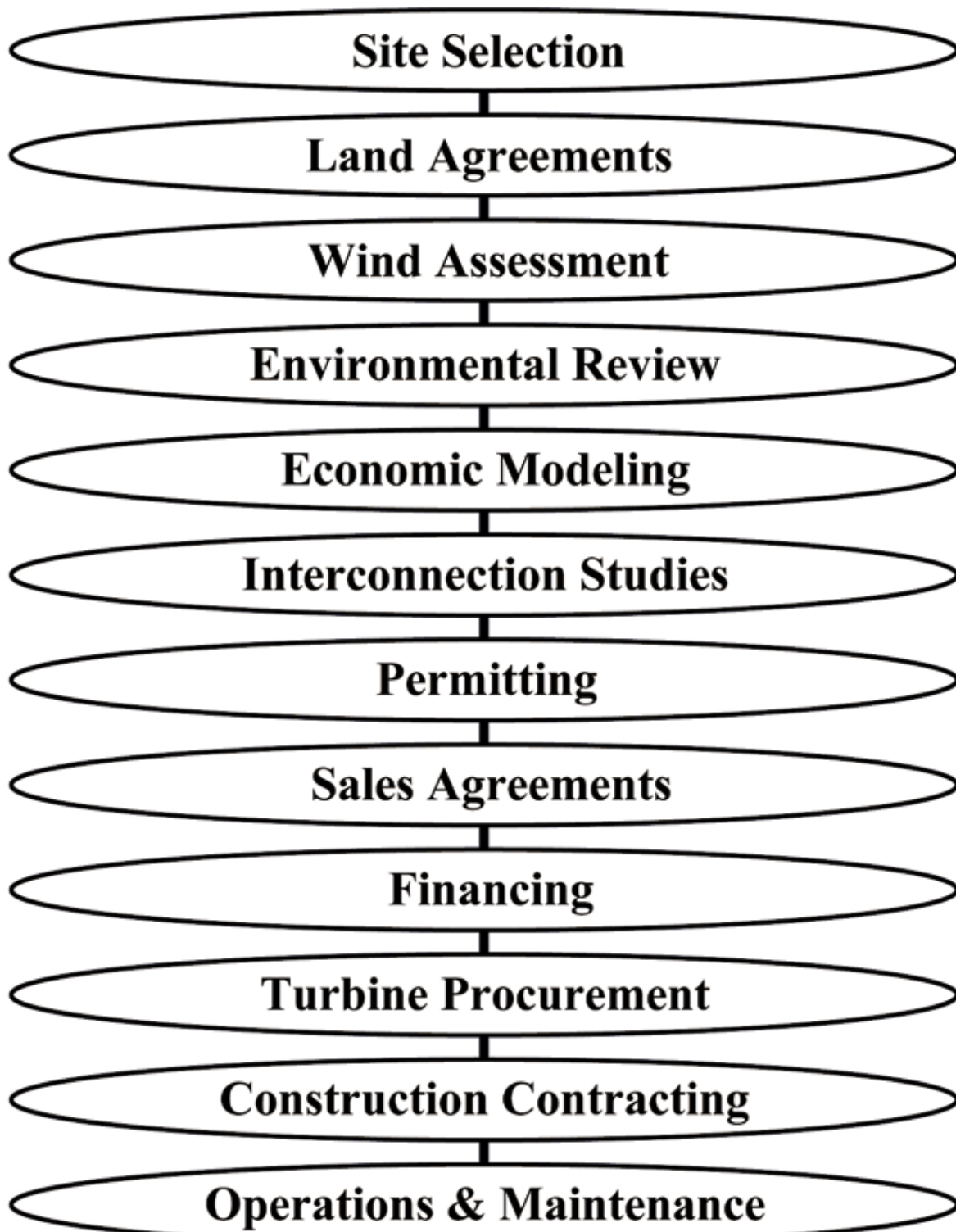
DISTRIBUTED GENERATION SYSTEMS, INC.

The Wind Project Development Process

Revised August, 2006



The Wind Project Development Process



Site Selection

Evidence of Significant Wind

Preferably Privately Owned Remote Land

Proximity to Transmission Lines

Reasonable Road Access

Few Environmental Concerns

Receptive Community

Land Agreements

Term:
Expected Life of the Turbine

Rights
Wind Rights, Ingress/Egress Rights, Transmission Rights

Compensation:
Percentage of Revenues

Assignable
Financing Requirement

Indemnification

Reclamation Provision

Wind Assessment

Corollary Data

Military Installations, Commercial Airports

Install Meteorological Tower

Collect Hourly Wind Speed and Direction Data

Minimum One Year of Data

Quality Report by Recognized Meteorologist

Output Projections for Several Turbine Designs

Environmental Review

Cursory Review for Endangered Species

Avian Studies

Raptors

Migratory Birds

Review With Interested Parties

Local Audubon

Federal Authorities

Local Stakeholders

State Authorities

Prepare, Conduct, and Report Studies as Required

Environmental Review

Continued

Visual Studies

Photo Simulation
Multiple Views and Distances

Review With Local Authorities

**Historical and Archeological
Review**

**Prepare, Conduct, and
Report Studies as Required**

**Review w/ Interested
Parties**

Wetlands Review

Economic Modeling

Obtain Key Data

Output projections

**Turbines, Blades, Electronics,
and Tower Costs**

Balance of Plant Costs

Foundation

Padmount Transformer

Collection System

Cables

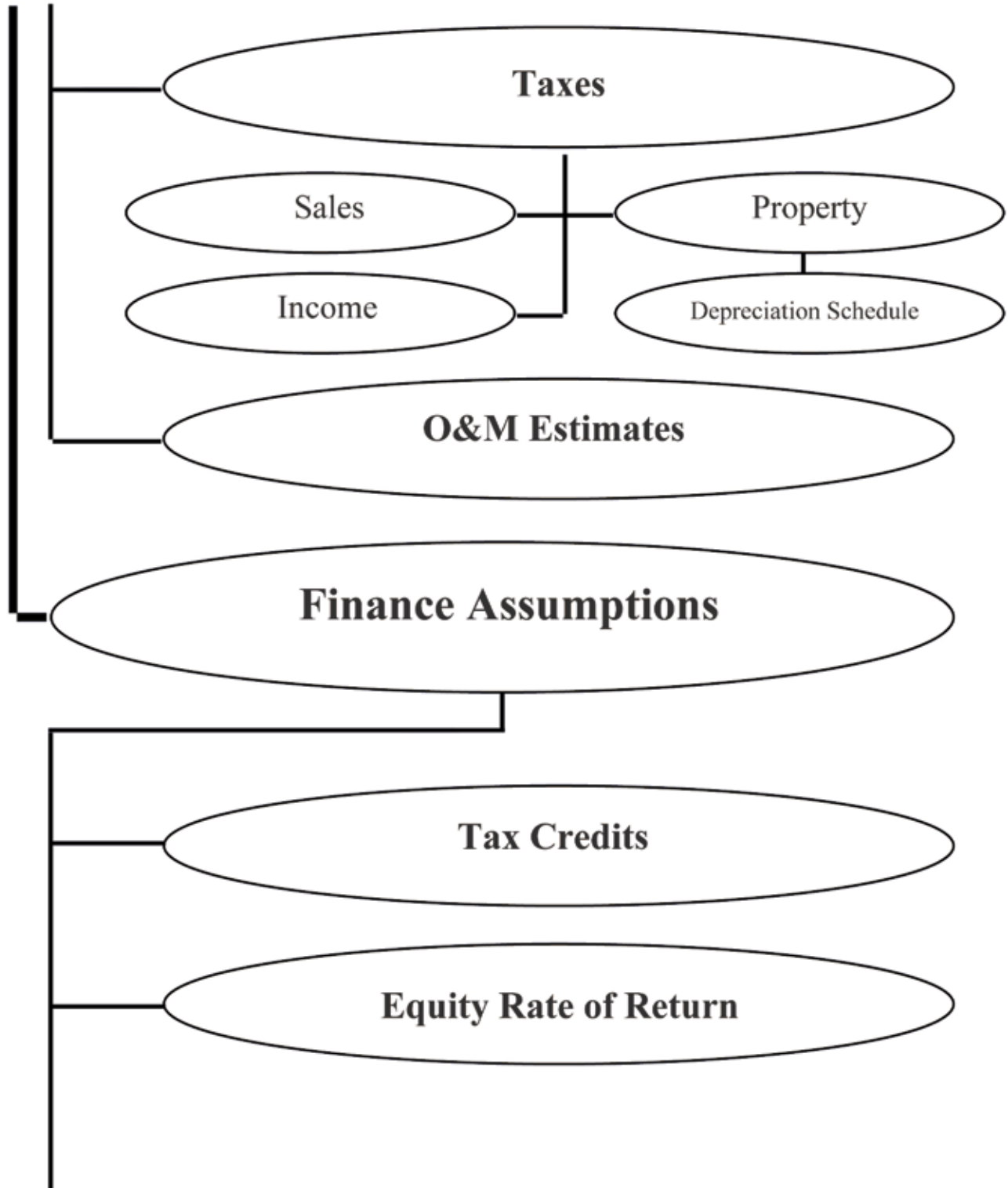
Erection

Substation

Communication and
Control System

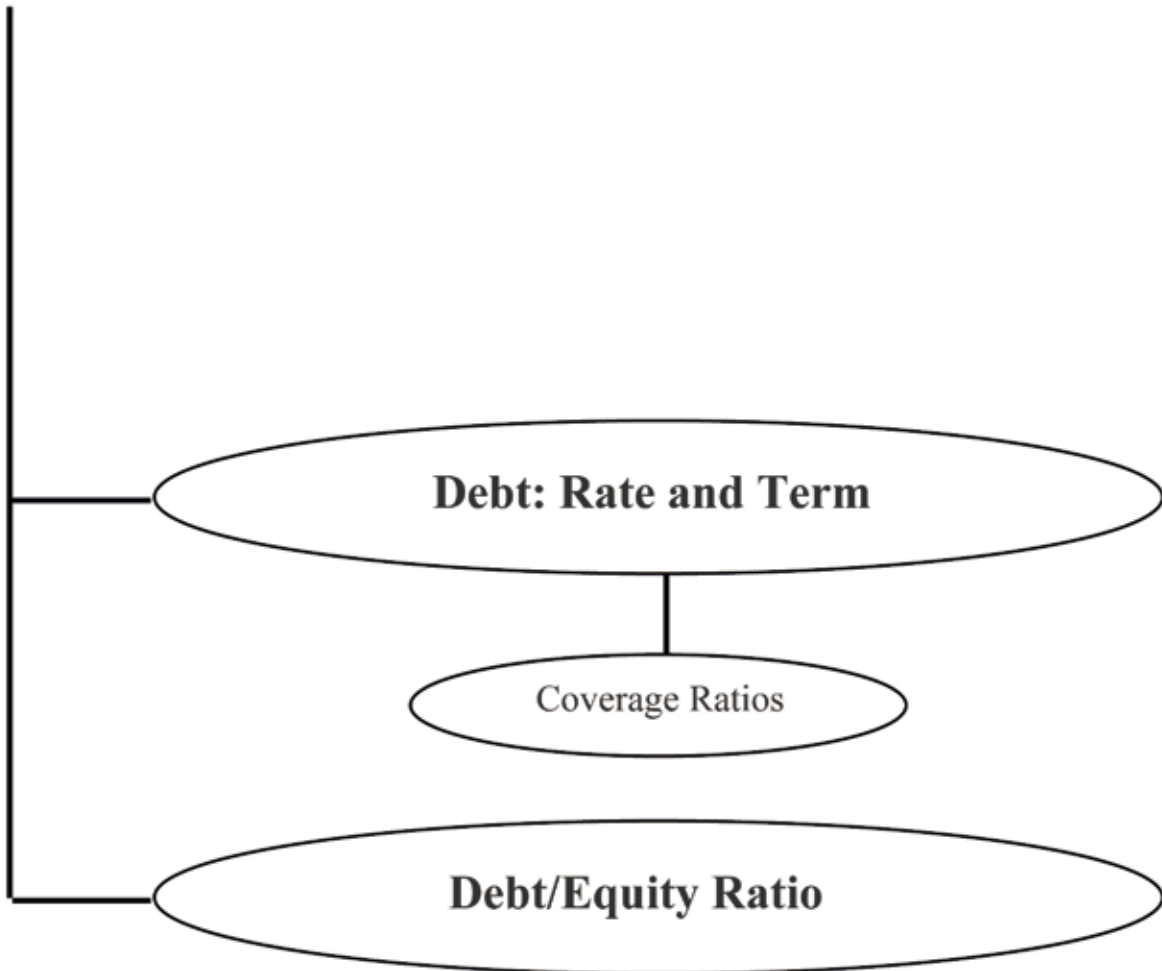
Economic Modeling

Continued



Economic Modeling

Continued



Interconnection Studies

Capacity Limitation

Load Flow Analysis

Voltage Controls

System Protection

Permitting

Local, State, Federal

Public Land

Private Land

Land Use Permit

Building Permit

Sales Agreements

Power Purchase Agreement

Kilowatt Price
Real or Nominal Levelized

Term

Credit Worthy Buyer

Facility Sales Agreement

Turn Key Price
Complete Wind Power facility

Financing

Source of Equity

Rate of Return 16-18%

Source of Debt

Market Rates

Term of Debt

Assignable Documents

Third Party Due Diligence

Turbine Procurement

Power Curve

Output Projections

Capital Cost

Turbine, Tower, Blades, and Electronics

Turn-key Construction Cost

Padmounts, Interconnection, and Erection

Warranties

Equipment and Maintenance

Construction Financing

Construction Contracting

Turn-key Contract

Excavation

Trenching

Foundation Assembly

Concrete

Cabling

Tower Assembly and Erection

Turbine Installation

Interconnection to Utility

Commissioning

Operations & Maintenance

**Fixed Cost per Turbine
per Year**

Fixed Price per kWh Produced

Availability Warranties

Penalties for Non-performance