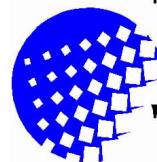


Hunt
Power

Enabling Renewable Energy With A Robust Grid

Pat Wood, III
WIREC Trade Show

March 6 2008



Sharyland
Utilities

Hunt Power Structure



**Sharyland
Utilities**

**Hunt
Transmission
Services**

**Hunt
Generation
Investments**

MeterSmart

**Hunt
Energy
Enterprises**

- "Wires only" utility located in McAllen, TX. Services the Sharyland Plantation but actively trying to broaden its service area

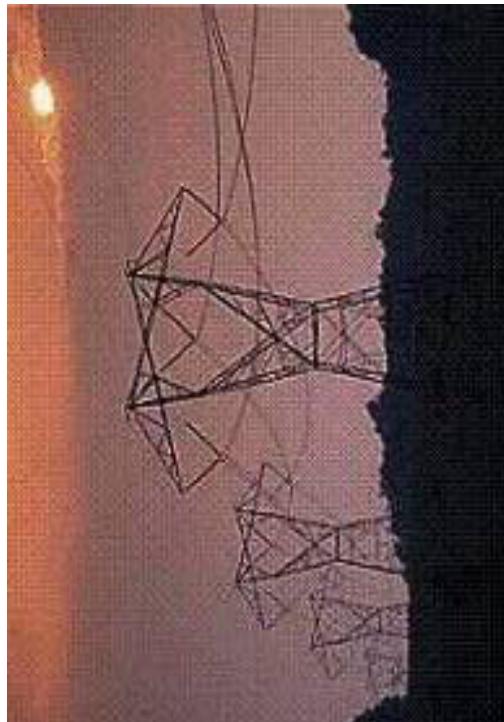
- Invests in power generation assets through its partnership with USPG and Madison Dearborn Partners

- Provides support services to SULP and evaluates investment opportunities in electric delivery assets

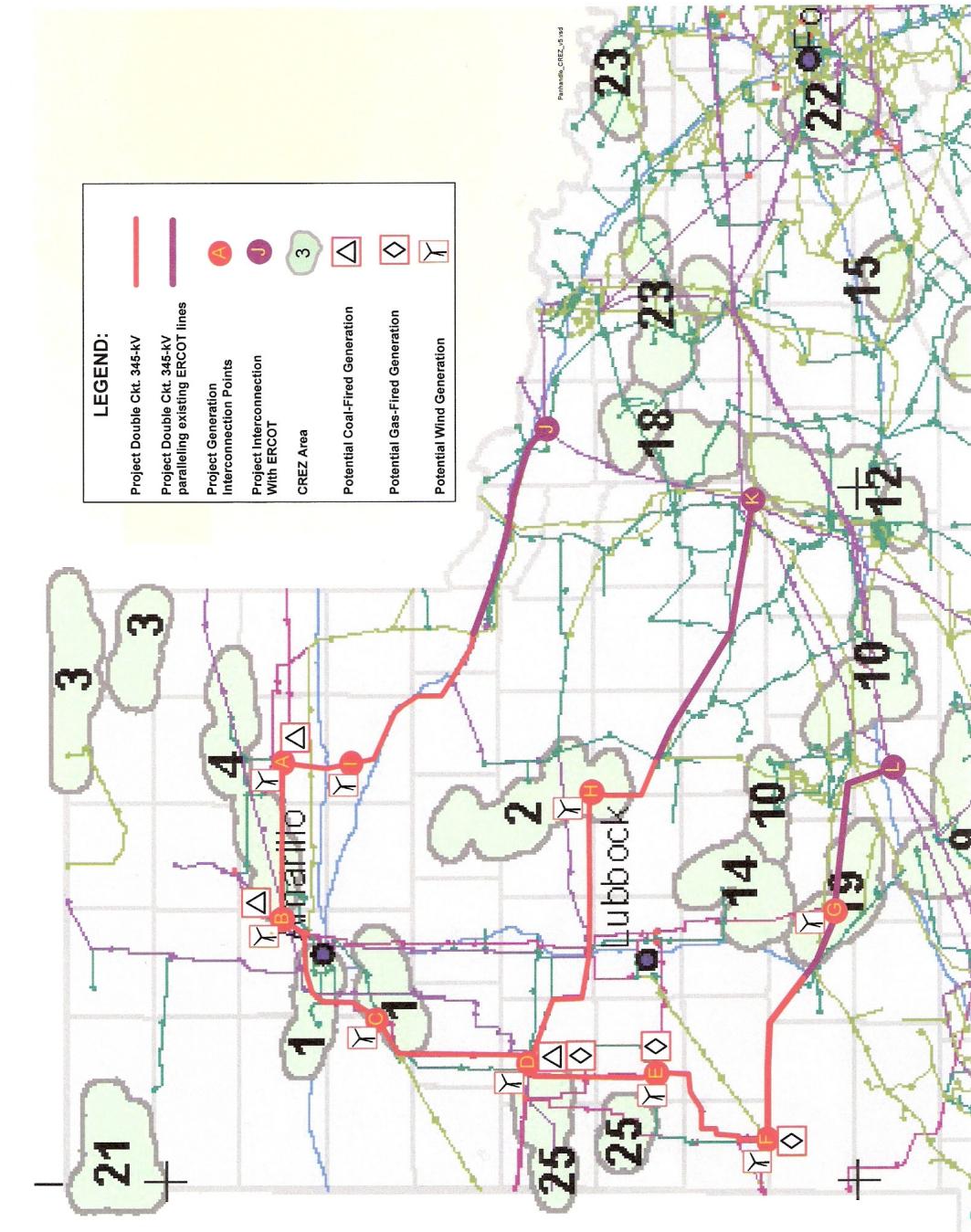
- Focused on demand response programs, energy efficiency and meter data management initiatives
- Focused on equity investments and business development opportunities in energy technology and assets

What Renewables Need *Now*

- Robust power transmission grid
- Regional energy market/pool to spill into or buy from

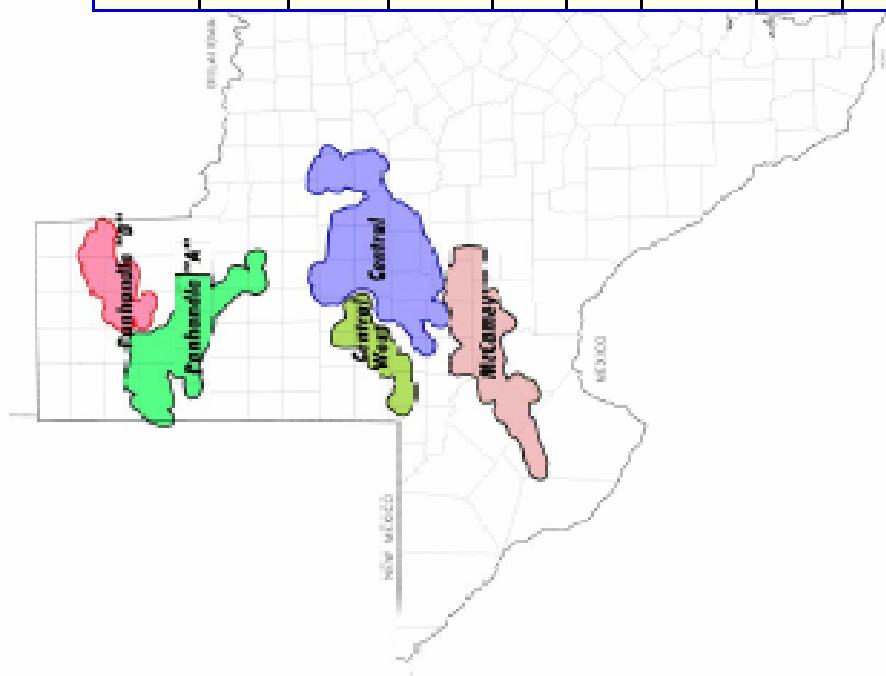


Panhandle Loop Project



Texas CREZ Process

Designated Zones and Scenario Wind Levels



Capacity of New CREZ Wind by Scenario (MW)

Wind Zone	Scen. 1	Scen. 2	Scen. 3	Scen. 4
Panhandle A	1,422	3,191	4,960	6,660
Panhandle B	1,067	2,393	3,720	0
McCamay	829	1,859	2,890	3,190
Central	1,358	3,047	4,735	5,615
Central West	474	1,063	1,651	2,051
Total*	12,053	18,456	24,859	24,419

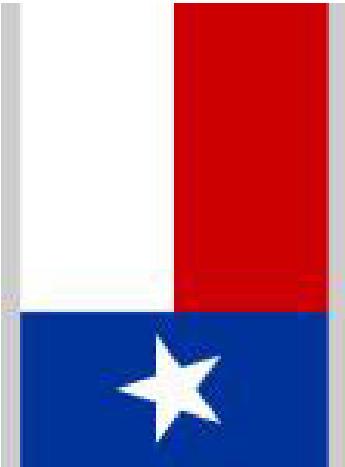
* Assumes 6,903 MW of existing wind capacity

Objectives of the Panhandle Loop Project

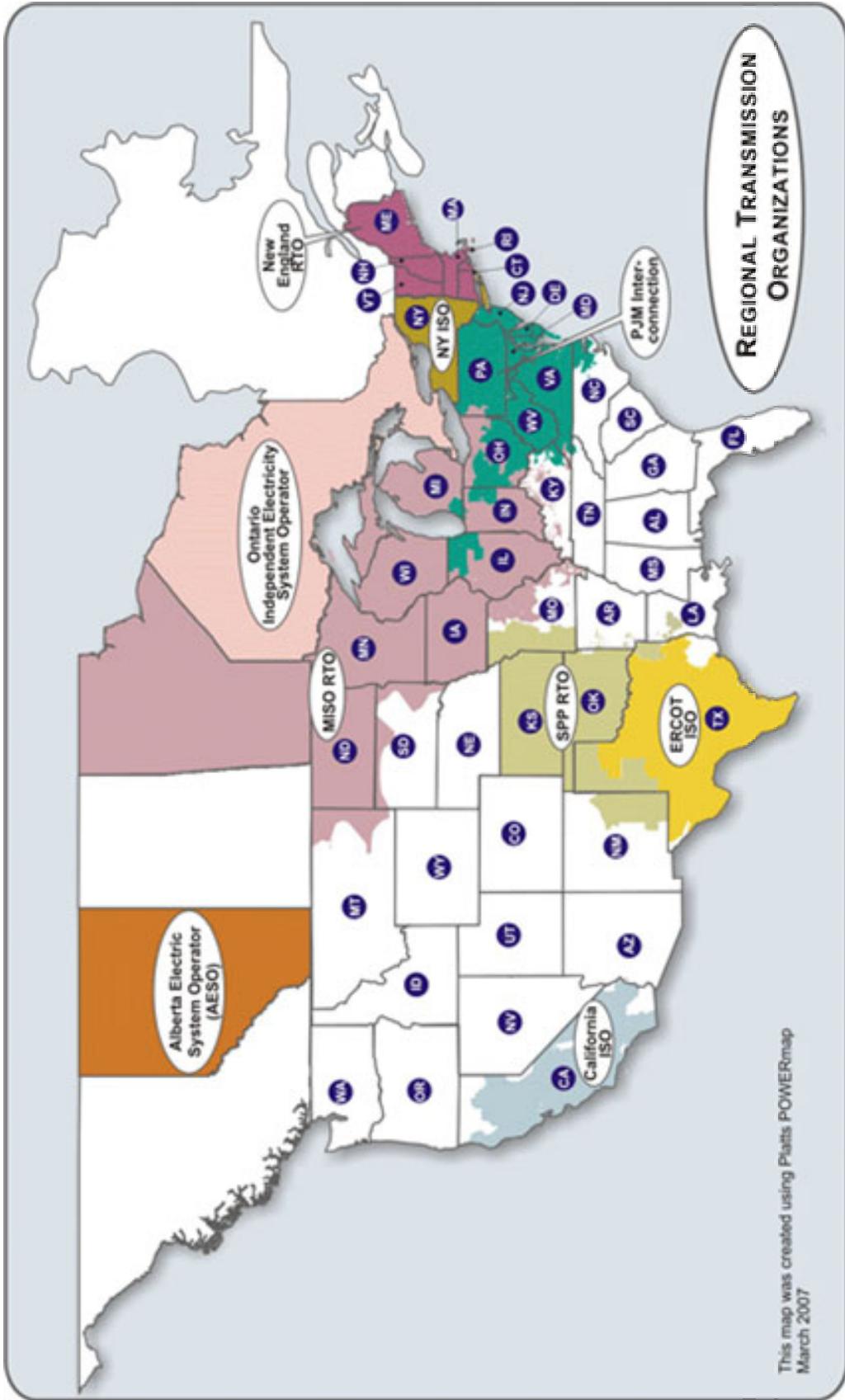
- Develop Texas' best wind resources
- Integrate new fossil generation
- Meet Texas' future power demands
- Energize rural economy

Texas Experience

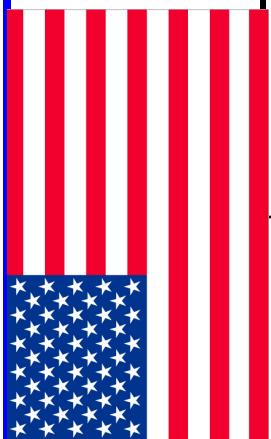
- Continuous Grid expansions since 1999
- Single Regulator for rates and permitting
- Clear Transmission rate recovery
- Bipartisan political commitment to robust renewable development
- Open wholesale and retail markets



Power Market Structure



Federal Experience



RTO world

Non-RTO world

Balancing energy markets

Imbalance penalties

Region-wide rate tariffs

Pancaked utility rates

Financial transmission rights

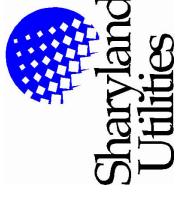
Physical transmission rights

Regional transmission plan

Lack of planning / price policy

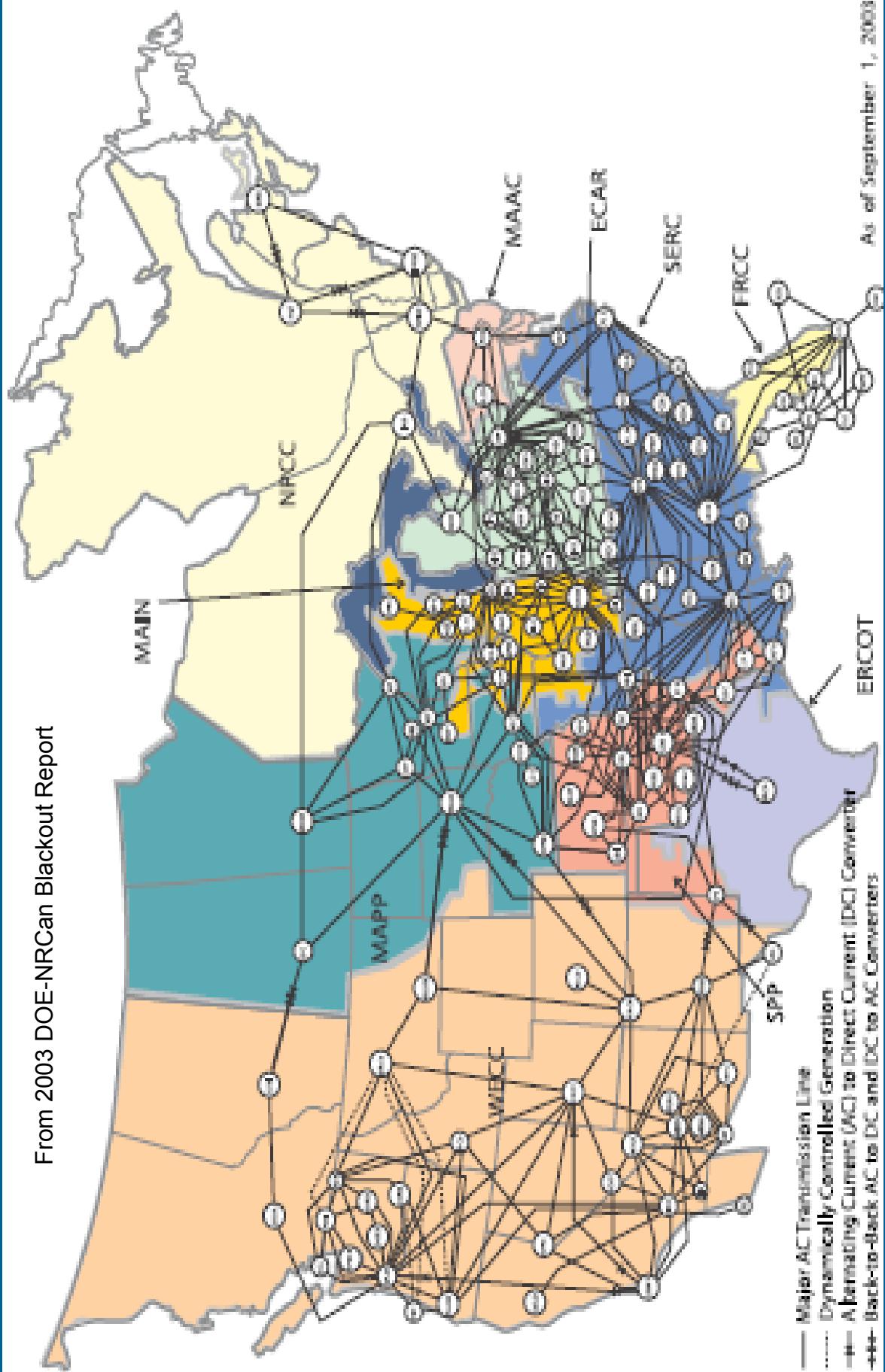
Large control areas

Small control areas



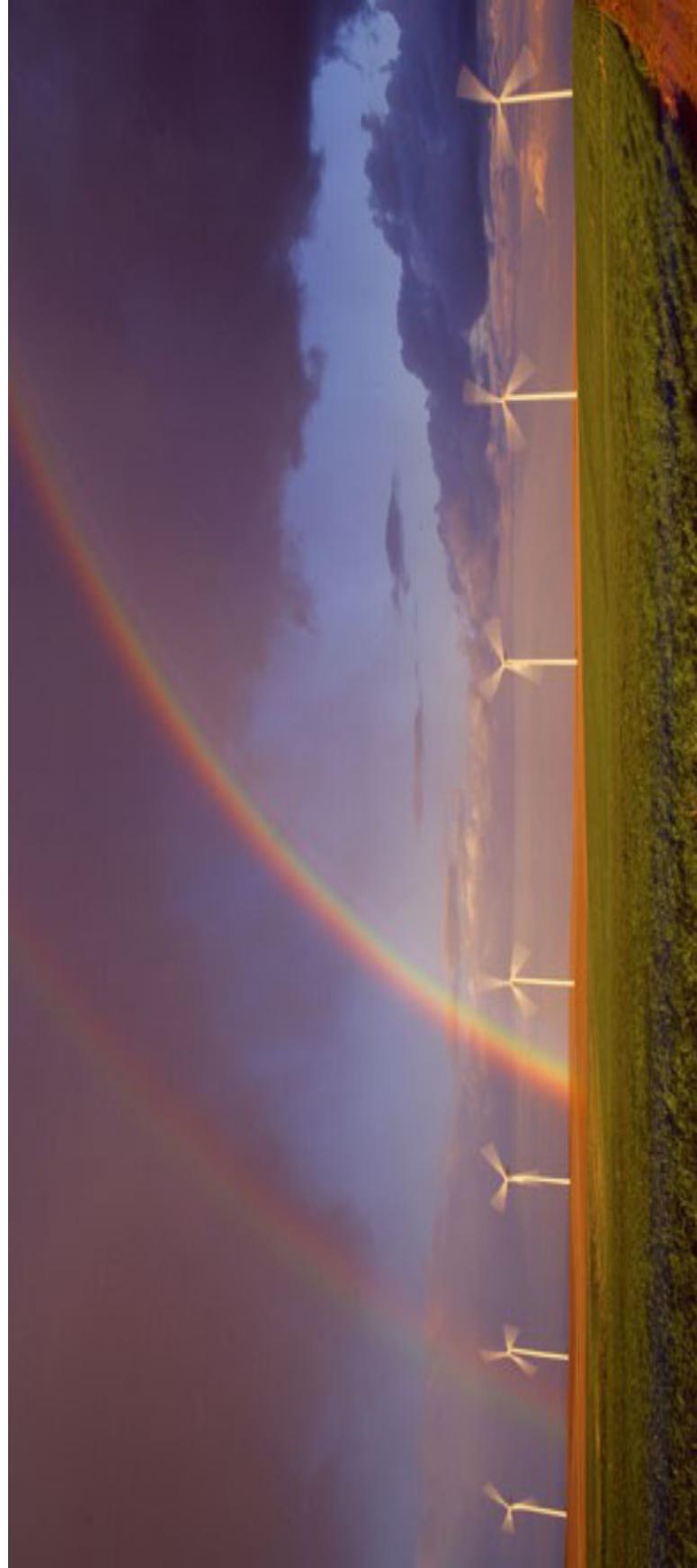
140 Control Areas Today *Hunt*

From 2003 DOE-NRCan Blackout Report



The Problem Is Regulatory, NOT Physical!

Can We Find the Pot of Gold?



Relative Power Costs

