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## FEEDBACK FROM THE FOOTPRINT....4

### Wind Industry Shines Bright Despite Economic Uncertainty

The wind industry continues to shine as a growing bright spot in the midst of a struggling economy. Congress recently passed a one-year extension of the Production Tax Credit (PTC), which is critical to promoting the wind industry's growth. This tax incentive provides the appetite for large institutional investors to finance and invest in large-wind projects, knowing that they will receive the credits. Previously set to expire at the end of 2008, the credit is now extended through December 31, 2009.

2008 has been an explosive year of development for the wind industry. Ending last year with just over 16,000 megawatts of installed wind capacity in the

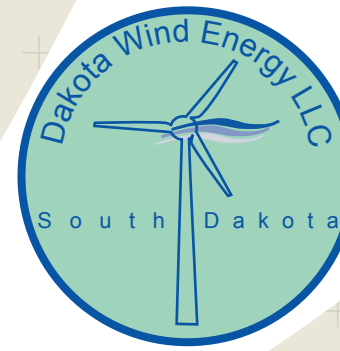
U.S., the wind industry recently raced past the 20,000 MW goal.

It has achieved in two years what had previously taken two decades (in 2006, the 10,000 MW marked was reached). More than 16,000 firms across the U.S. are manufacturing wind turbine components, continuing to provide important stimulus to the economy. 8 new turbine component manufacturing facilities opened in the U.S. in 2008, 9 companies expanded their operations, and 19 more are to be built within the next couple of years. Some of the operating facilities are located in South Dakota, including Molded Fiber Glass, a major wind turbine blade manufacturer. Its 300,000 foot

facility is based in Aberdeen. Another company, Knight and Carver, also has a growing wind turbine blade manufacturing plant in Howard, South Dakota.

"Even in this time of economic uncertainty, America's wind industry continues to invest in our economy, creating many new factories and wind farms across the country," says American Wind Energy Director Randall Swisher.

There were proposals in Congress to renew the production tax credit (PTC) for five years, but in the end it was only extended for one. The next Congress will have to address the renewal for 2010 and beyond.



## DAKOTA WIND ENERGY UPDATE

DECEMBER 2008 NEWSLETTER

# Feedback From the Footprint

Summer and fall have blown past with much excitement for Dakota Wind Energy. Dakota Wind Energy rolls into the winter months with the announcement of its intrastate public offering, allowing Dakota Wind members and South Dakota residents to invest in the company.



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### IN THIS ISSUE:

TWO Intrastate Public Offering Announced

THREE Third Meteorological Tower is Installed

FOUR Wind Industry Shines Despite Economy

### GREETINGS FROM YOUR BOARD OF ADVISORS AND NATIONAL WIND

On behalf of Dakota Wind Energy's Board of Advisors and National Wind, we are proud to present you with this progress update. We have made great strides toward the development of 750 megawatts of community-based wind projects in Day, Roberts, and Marshall Counties.

Dakota Wind Energy's board members, Curtis Samson, Gerry Fisher, Don Erickson, Don Ogren, Dennis Fagerland, Bob Metz, Blair Healy, Tim Hofer, and Walt

Johnson, along with National Wind, have worked hard to bring the project to this critical stage in the development process.

Many activities have transpired over the last several months. The change of season has brought the announcement of the project's intrastate public offering. This is what truly defines the project as community-based, giving South Dakota landowners an opportunity to invest and own units in the company.

Other activities including reaching an important site control milestone and the installation of a third meteorological tower in Dakota Wind Energy's footprint. Also, through this newsletter, you can learn about an environmental policy group that has opened its doors in South Dakota to help promote wind energy development.





### Dakota Wind Energy's Third Met Tower is Installed

The National Wind Assessments team, the wind analysis division of National Wind, installed Dakota Wind Energy's third meteorological (met) tower in July. The 60-meter NRG tower was installed in Roberts County.

All three towers will be up for a minimum of a year's time to study the wind regime in the area. These towers will provide the project with the accurate wind data needed to appropriately site the wind turbines in the areas that are best for commercial wind energy production.

"Now, since we are receiving wind data from three installed met towers, we really can create an accurate, collective picture of the wind regime in the three-county area," says Kevin Romuld, President of National Wind Assessments. "This also helps us choose a wind turbine for the project that will effectively and efficiently operate under these conditions. Accurate documentation of the wind resource also encourages utility companies to work with our project."

National Wind Assessments installed Dakota Wind Energy's first two meteorological towers earlier this year in Marshall County.

### Dakota Wind: Working with Local Utility Companies

Power from wind projects is typically sold to utilities through long-term power purchase agreements whereby the owner agrees to sell power over a given number of years at a fixed price. Utilities usually are interested in projects like Dakota Wind Energy, which have much of the land under control for development. Also, utilities like community wind projects because they have strong, local support, meaning they are more likely to be permitted and completed.

Dakota Wind Energy is currently working with local and regional utility companies in the area to make this happen. National Wind, Dakota Wind's managing partner, has strong relationships with many of the Midwest utility companies.

"We are in active discussions with regional utilities, working out ways our project can fit in with their agenda for buying renewable energy," says Mark Lucas, Vice President of National Wind. "Several phases of this project will be developed over the next ten years. Each phase developed will be separate financial transaction with a utility company. Landowners in our project can benefit from each of these transactions."

The incentive for utilities to buy power from a renewable energy project won't be ending any time soon, despite the current economic climate.

"Utilities have compliance issues, called Renewable Portfolio Standards, that require them to buy power from renewable energy projects by a certain year," says Lucas. "These compliance standards remain in place whether the economy is doing well or not."

### Dakota Wind Energy Announces Intrastate Public Offering To Raise Project Funds

Wind energy is one of the fastest growing technologies throughout the country and in South Dakota. Currently 4,000 megawatts of wind energy projects are in development across the state. Now, South Dakota residents, on a local level, have an opportunity to invest and own units in the state's only large-scale community-owned wind farm development, Dakota Wind Energy.

The company launched its intrastate public offering with a kick-off meeting on Monday October 27th, in Eden, South Dakota.

"This an exciting opportunity for South Dakota residents who want more from a wind project," says Gerry Fishers, a founder and board member for Dakota Wind Energy. "Traditional wind projects only provide leasing structures, not ownership. This offering represents an investment in South Dakota's renewable energy future, helping keep the revenue of wind energy local and within the state."

Delphi Financial Corp., a Minneapolis-based investment firm and subsidiary of National Wind, has joined with Mark Hahler and Jon Mesmer of Financial Partners, an Aberdeen, South Dakota-based investment firm, to work as the broker-dealers for the offering.

"We are excited to work on this project with a local investment firm that is well-connected with South Dakota communities," says Ryan Pelstring, V.P. of Capital Markets for Delphi Financial Corp. "We recently completed an offering for a Minnesota community project. We found there was a strong interest in our community-wind development model."

Since 2001, Financial Partners has worked on energy investment projects across the United States and in the U.K.

"This type of investment is exactly what our local clientele is looking for," says Hahler.

"In this project, we are raising funds for a locally owned wind project that will benefit the community we live in. It's a great strategy and one that facilitates many positive local connections."

Several well-attended public meetings were held across the state over the month of November to discuss this opportunity. Meetings were held in Eden, Aberdeen, Sisseton, Milbank, and Watertown.

The offering is only open to South Dakota residents that meet investor suitability requirements. Sales of securities will only be made by Delphi Financial Corp. and Financial Partners after interested investors have received and reviewed a prospectus. Interested investors can obtain more information and request a prospectus at [www.delphifinancial.com](http://www.delphifinancial.com). Call Delphi Financial at 612-746-6679 or Financial Partners at 605-725-2550 for more information.

### One Policy Group is Helping Push Wind Energy Forward for South Dakota

South Dakota ranks 4th in the United States with the greatest wind energy potential, having the opportunity to become a national leader in wind power generation. However, although 4,000 MW are under development in the state, only 188 MW are installed, meaning it has yet to take full advantage of its full potential. One environmental advocacy group recently opened their doors in South Dakota to change that.

Renewable Portfolio Standards (RPS), transmission improvements, and increasing community wind farm development. Renewable Portfolio Standards drive the development of wind projects because they require utilities to obtain a growing portion of their electricity supply from renewable sources. South Dakota currently does not have a renewable portfolio standard.

establish statewide interconnection standards, giving everybody a fair chance to bring their power to the market.

Community wind development can increase with the implementation of a Community-Based -Energy Development (C-BED) Policy which has been important in stimulating these projects in Minnesota. C-BED Policy requires that at least 51 percent of the gross revenues from a power purchase agreement over the life of the project will flow to the qualifying owners.

The ELPC reports that South Dakota is well-positioned for a rural economic renaissance through wind energy development, but must put in the place the right policies to achieve these benefits.

The Environmental Law & Policy Center (ELPC), the Midwest's leading public interest environmental legal advocacy and eco-business innovation organization, opened a Sioux Falls office in September. It will develop and lead successful strategic advocacy campaigns that make the necessary state policy changes to help increase installed wind capacity.

The ELPC has also been working with the South Dakota Energy Infrastructure Authority to develop and expand transmission lines across South Dakota. They will also work with neighboring states to develop new approaches for more transmission. The available wind energy in South Dakota is far greater than the state's electricity needs, so the ability to move this power out of the state is crucial.

The ELPC will also continue to work with the South Dakota Public Utilities Commission to

Some of the options the organization is working on to spur wind farm development include adopting policies for

## DAKOTA WIND ENERGY SIGNS 60,000 ACRES



An important project milestone has been reached for Dakota Wind Energy. To date, the project has over 60,000 acres of land under wind option. This is 80 percent of the acres needed to develop the project up to 750 megawatts. Pete Karlsson and Charlie Kraemer have worked on a frequent basis with local landowners, since the project's conception, to reach this goal.

Landowners who sign up with Dakota Wind Energy have the opportunity to receive ownership units in the company based upon the assessed value of their land for wind development.

The company announced the start of this "land" offering early this past spring.

"There is no other wind project in South Dakota where landowners have the opportunity to receive ownership units in a company in exchange for their acres of land," says Karlsson. "I sincerely enjoy working daily with the landowners in the area. I take pride in knowing we are offering them a great opportunity that will honestly provide more local economic benefits than any other wind development in the state."

Pete and Charlie will continue to work with landowners in the area to gain their participation in the project. Dakota Wind Energy needs another 15,000 acres signed to reach its goal of 75,000 acres.

"We care about this project and want to be proud of how it fits in with the local community," says Kraemer. "We are committed to it and will be here for the long-term, continuing to build a strong, positive relationship with the landowners in the area."

Contact Pete or Charlie to learn more how you can participate in this landmark development: **605-884-5515**