

**AES CORPORATION**

**Wind Generation Review**

*Ned Hall*

*Vice President, Renewable Generation*



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Certain statements in the following presentation regarding AES's business operations may constitute "forward looking statements." Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES's current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to continued normal or better levels of operating performance and electricity demand at our distribution companies and operational performance at our contract generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. For additional assumptions see the Appendix to this presentation. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES's filings with the Securities and Exchange Commission including but not limited to the risks discussed under Item 1A "Risk Factors" in the Company's 2005 Annual Report on Form 10-K as well as our other SEC filings. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# AES Wind Strategic Vision

Contains Forward Looking Statements

## Why Wind Energy?

- Environmental and energy security concerns result in large and growing demand for renewable energy
- Wind generation is the lowest cost producer of renewable energy
- European and US market structures are attractive with feed-in tariffs and PPAs providing long term stable revenues
- Demand is growing in the rest of the world

## Wind Generation Strategy

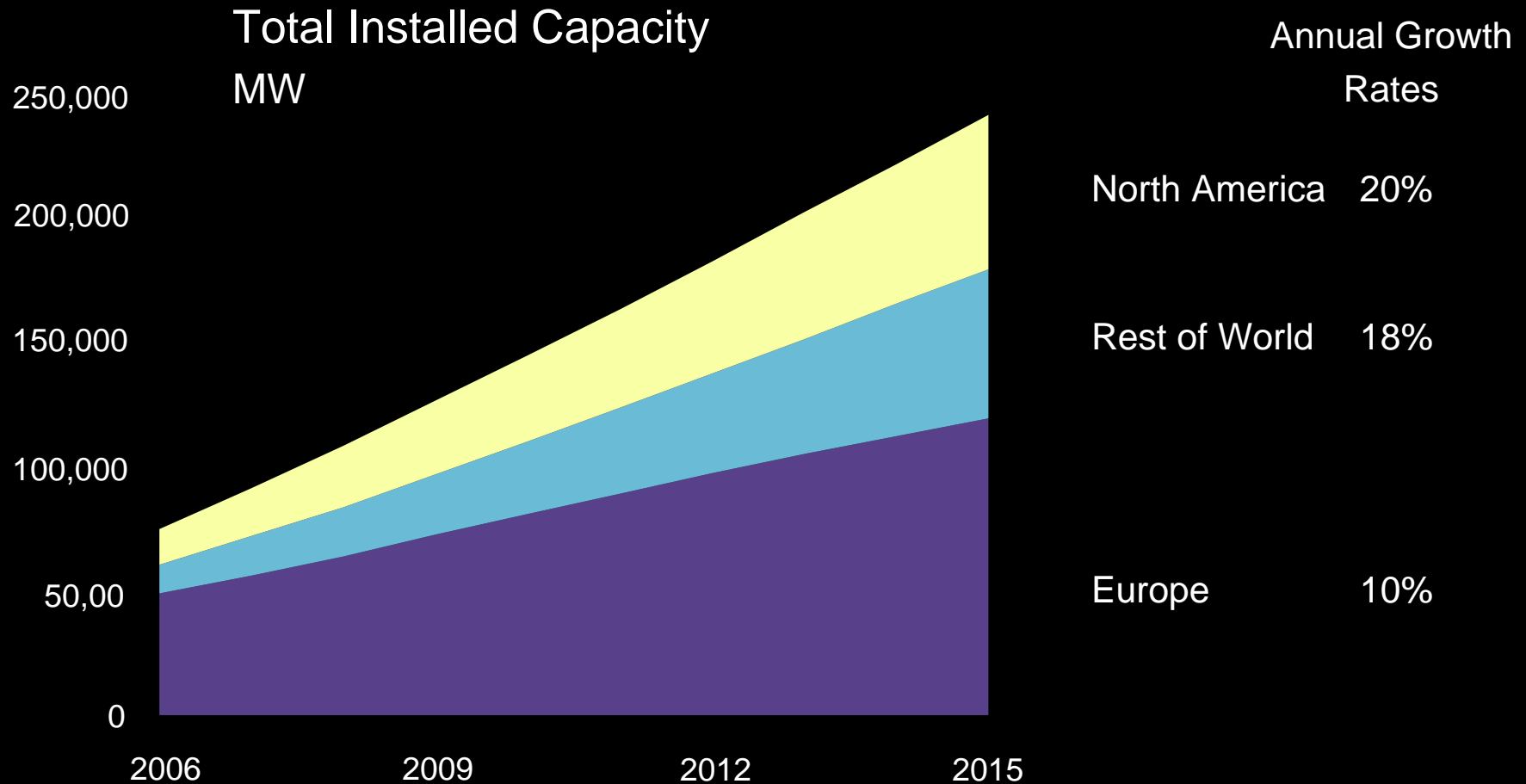
- Build a global wind generation business
- Near term focus on Europe and the US; expanding to other AES markets in the mid term

## Why AES?

- Fits well with core competencies in development, construction management, ownership and operations
- Global footprint provides long term growth platform
- Global footprint creates wind turbine purchasing advantage
- Natural extension of core contract generation business model

# Wind Market Growth

Contains Forward Looking Statements



Source: Emerging Energy Research.  
[www.aes.com](http://www.aes.com)

# AES Wind Timeline

2004

**September**

AES invests in US WindForce and begins securing greenfield sites

2005

**March**

AES acquires US based SeaWest Holdings and begins construction of Buffalo Gap 1

**April**

AES announces joint venture with EHN to develop projects in New York State

2006

**April**

121MW Buffalo Gap 1 placed in service

AES announces plans to triple investment in wind generation over the next three years

**July**

AES expands wind energy business into Europe with acquisition of UK-based Wind Energy (WEL)

**August**

Construction begins on 233MW Buffalo Gap 2

**September**

AES acquires 73MW of generation assets from Enron in California

**October**

AES expands wind energy business into France and Bulgaria with acquisition of French wind developer, InnoVent and Bulgarian greenfield project, Kavarna

# Buffalo Gap 2

Contains Forward Looking Statements

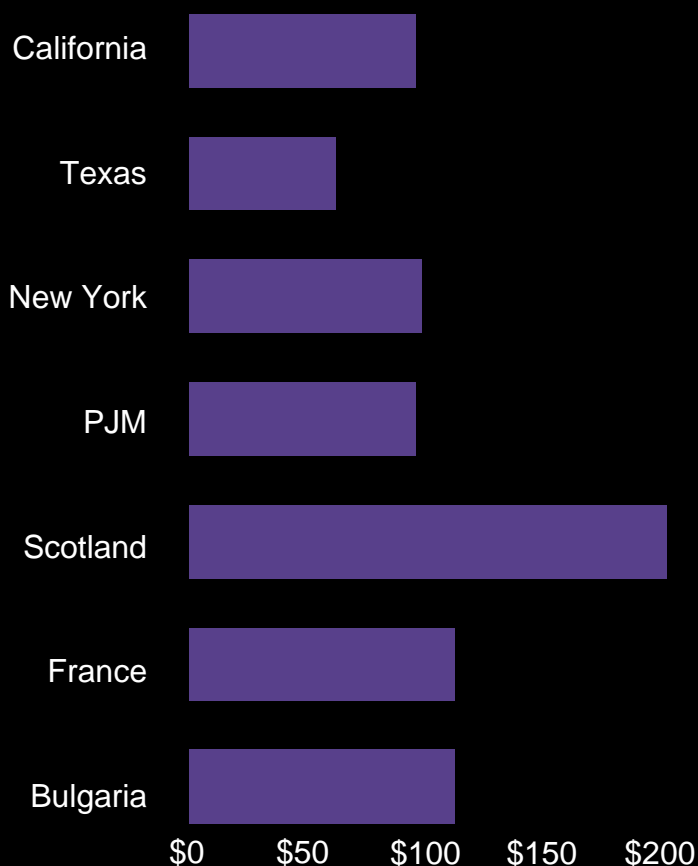


- 233MW wind farm in Taylor and Nolan counties, Texas, an expansion of 121MW Buffalo Gap 1
- Construction is underway with start-up planned in 2nd quarter 2007
- 10 year PPA with Direct Energy (Centrica)
- GE 1.5MW turbines scheduled for delivery beginning in January 2007
- Potential for additional expansion

# Areas of Current Focus

Contains Forward Looking Statements

## Realized Price for Wind Energy \$/MWh



## Market Characteristics

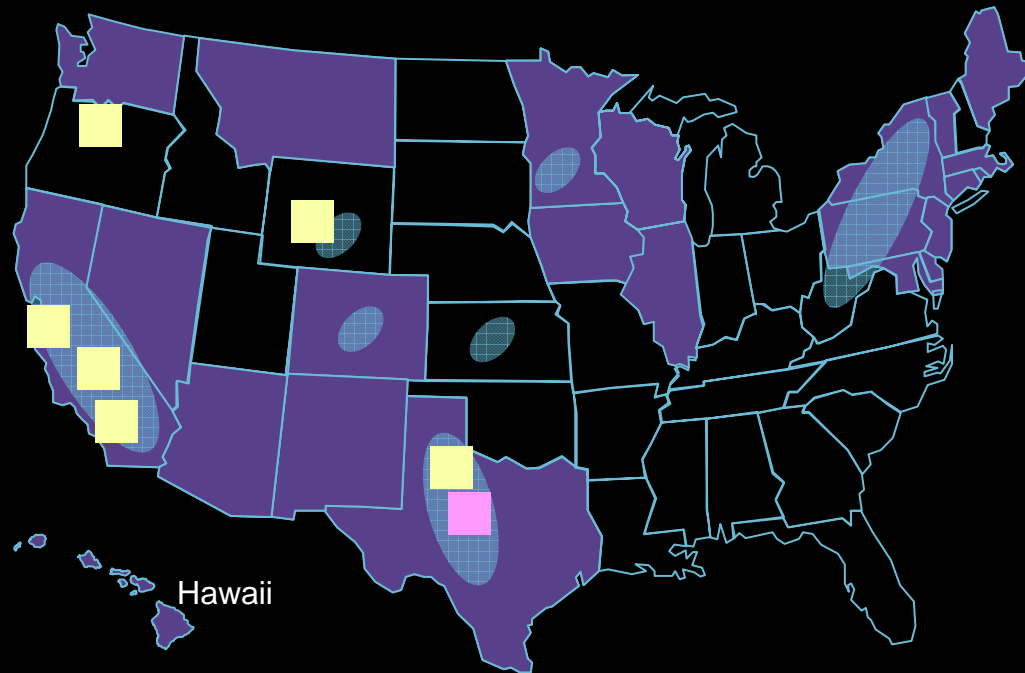
- Aggressive renewable portfolio standard (RPS)
  - Increasing market reference price for renewables
- State commitment to RPS and new transmission
  - High energy prices and high capacity factor sites
- RPS managed by State, funded through rate surcharge
  - Attractive energy pricing
- Power purchase agreement (PPA) market
  - RPS with high penalty rate in Pennsylvania
- PPA market
  - Shortage of renewable obligation credits (ROC)
- Regulated feed-in tariff
- Regulated feed-in tariff

Source: AES estimates.

[www.aes.com](http://www.aes.com)

# US Wind Portfolio & Development Pipeline

Contains Forward Looking Statements



- Operations
- Construction
- RPS State (Includes Washington, DC)
- Development

## Operations

- Owned assets 298MW
- 3<sup>rd</sup> party operations 309

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Total operations 607MW

## Construction

- Texas 233MW

## Development

- Texas 600MW
- California 320
- New York 300
- Pennsylvania 350
- West Virginia 200
- Other states 230

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Total development 2,000MW

# Europe Wind Development Pipeline

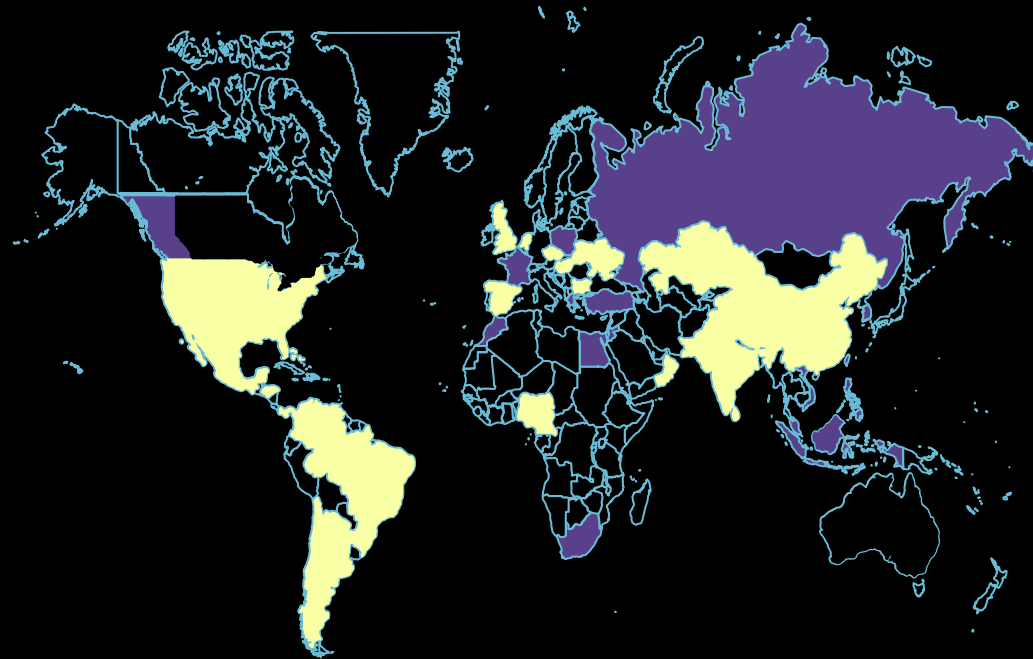
Contains Forward Looking Statements



## European Development

▪ Scotland	640MW
▪ France	600
▪ Bulgaria	120
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Total development	1,360MW

# Global Development Model



- Current AES operations
- New development markets

## Contains Forward Looking Statements

- Build skills and scale in US and Europe by acquisition of development companies with robust pipelines
- Develop greenfield projects in US and Europe
- Roll out to AES countries as they adopt renewables
- Currently reviewing opportunities in many AES countries including:
  - Argentina
  - Brazil
  - Chile
  - China
  - Czech Republic
  - Hungary
  - India
  - Pakistan
  - Panama
  - Ukraine

# Characteristics of Wind Investments

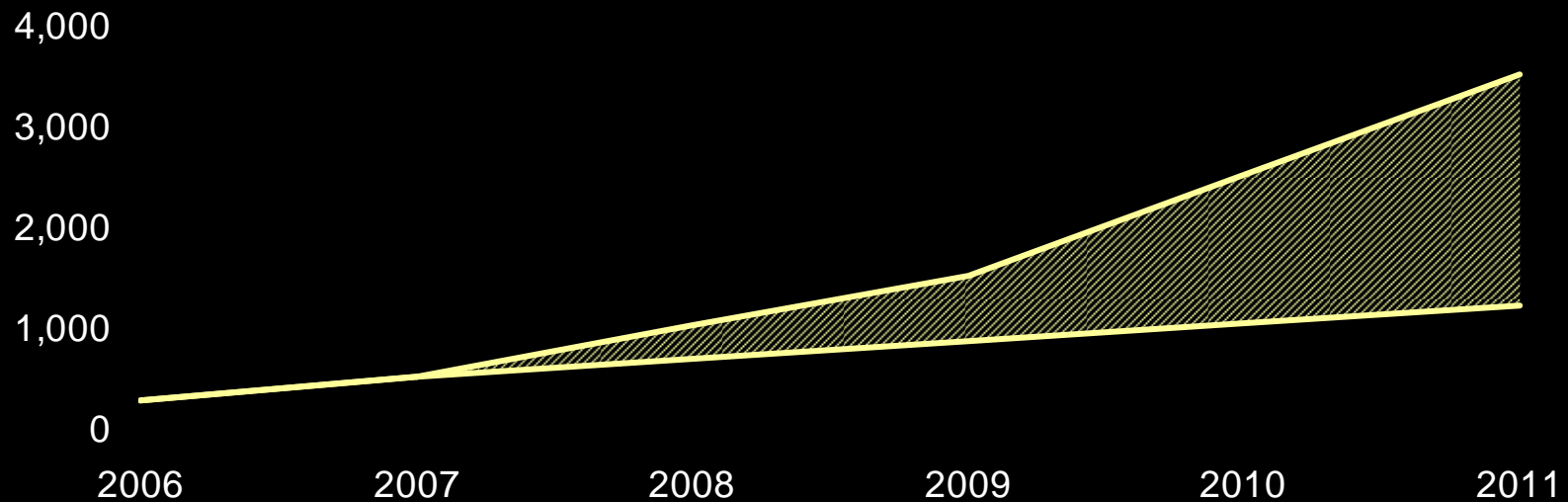
Contains Forward Looking Statements

Revenues	<ul style="list-style-type: none"><li>▪ Long-term PPA or feed-in tariff (AES model)</li><li>▪ Attractive creditworthy counterparties</li><li>▪ Wind variability, but diversification across portfolio</li></ul>
Cost of Sales	<ul style="list-style-type: none"><li>▪ Minimal on-going maintenance expense</li></ul>
Capital Expenditures	<ul style="list-style-type: none"><li>▪ All in capital costs have increased from \$1,250 to \$1,750/kW with turbine being bulk of investment</li><li>▪ Six to twelve month construction period</li></ul>
Tax Efficiency	<ul style="list-style-type: none"><li>▪ US equity structures optimize value of Production Tax Credit</li><li>▪ Favorable tax situation in most other target country markets</li></ul>
Cash Flows	<ul style="list-style-type: none"><li>▪ US equity structures projected to provide return of all capital and development fee within five years</li><li>▪ Additional cash distributions to AES after third party equity achieves target return</li></ul>

# Forecast AES Wind Capacity

Contains Forward Looking Statements

Installed Capacity <sup>(1)</sup>  
Gross MW



▲ Range of cumulative installed capacity

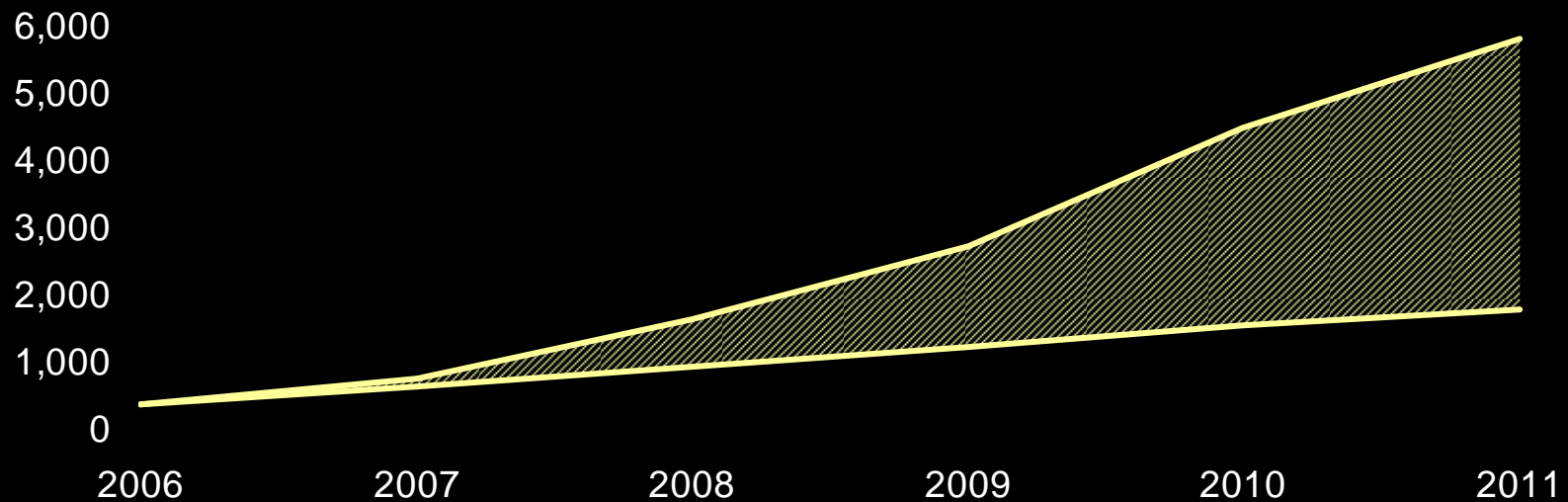
<sup>(1)</sup> Based on current assumptions, expectations and available knowledge.


[www.aes.com](http://www.aes.com)

# Forecast Capital Investment in Wind

Contains Forward Looking Statements

Total Capital <sup>(1)</sup>  
\$ MM



 Range of cumulative capital investment

<sup>(1)</sup> Includes all sources of funds, and is based on current assumptions, expectations and available knowledge.

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