



## Press Release

### Tres Amigas and Foundation Fuel to Develop Firming Strategies for Renewable Power Dispatch

**SANTA FE, N.M. – October 26, 2010** – Tres Amigas, LLC (Tres Amigas) and Foundation Fuel, LLC (Foundation Fuel) today announced that they have entered into an Agreement to jointly develop technical and operational strategies to firm renewable energy sources by deploying clean, gas-fired power as a back-up. Coordinated via market-based dispatch through the Tres Amigas SuperStation, the goal is to create firm and reliable renewable power from intermittent solar and wind resources. Most significantly, the new strategy will allow customers to purchase a reliable portfolio of power with the *largest* possible component of solar and wind power.

Economic dispatch of renewables, such as wind and solar energy, is not easy to achieve without the capability to move power to load centers. In order to do so, high-voltage power lines must be in place or constructed, which have very high fixed costs. In order to achieve economies of scale, the capacity factors of wind and solar generating facilities must be increased. Strategic deployment of gas-fired capacity provides a solution. Natural gas is now a relatively plentiful fuel source and this advantage, combined with the inherent operating flexibility of gas-fired generation, makes gas the fuel of choice to back up intermittent renewable generation. In fact, the Permian Basin, located near the Tres Amigas SuperStation, is one of the largest gas resources in the nation.

Under the terms of the Agreement, Foundation Fuel will construct natural-gas-fired turbine generation facilities, along with the pipeline, gas storage and electric transmission facilities needed to connect the generation to natural gas supplies and to deliver electric energy directly to the Tres Amigas SuperStation. Power will then be dispatched via the SuperStation, which electrically will interconnect all three U.S. power grids. Tres Amigas and Foundation Fuel will coordinate the construction and integration of these new resources with the power dispatch capabilities necessary to provide firm and spot-market opportunities for renewable energy in all three of the U.S. interconnected electrical grids. Further, the combined assets of both company's projects will provide important ancillary and balancing services to the transmission lines carrying power and energy to a variety of different markets across the country.

Tres Amigas and Foundation Fuel will also develop pro-forma contracts that will streamline power transactions for renewable energy providers, power "firming" entities, and customers. The goal is to enable utilities and other purchasers of renewable power to contract directly from one source on a long-term basis for the cleanest available firm power, while also greatly improving the economics of such transactions. In connection with this, Tres Amigas has



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previously entered into a Commercial Operations Agreement with Viridity Energy, Inc. under which Viridity will design, build and operate the power trading platform for Tres Amigas that will further enhance economic opportunities for both investors and consumers of renewable energy. Tres Amigas and Foundation Fuel plan to coordinate construction schedules such that the new capabilities are available when the Tres Amigas SuperStation opens in 2014.

### **About Tres Amigas, LLC**

Tres Amigas, LLC is uniting the nation's electric grid. Utilizing the latest advances in power grid technology, Tres Amigas is focused on providing the first common interconnection of America's three power grids to help the country achieve its renewable energy goals and facilitate the smooth, reliable and efficient transfer of green power from region to region. Tres Amigas, LLC is a merchant transmission entity composed of electric utility industry operational, technology and thought leaders.

### **About Foundation Fuel, LLC**

Recognizing that renewable energy creates a well rounded energy portfolio, Foundation Fuel, LLC is bringing to the marketplace a robust and viable natural gas component including transmission, generation and power management technology that allows green energy to become firm and fully dispatchable. Foundation Fuel is also examining CO<sub>2</sub> capture to make its natural gas facilities ultra clean.

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