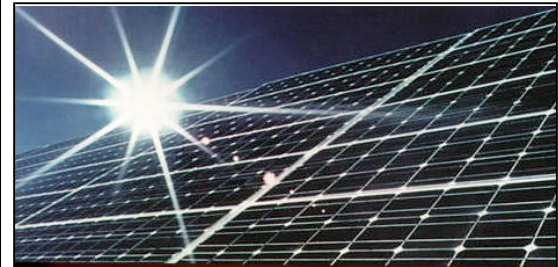




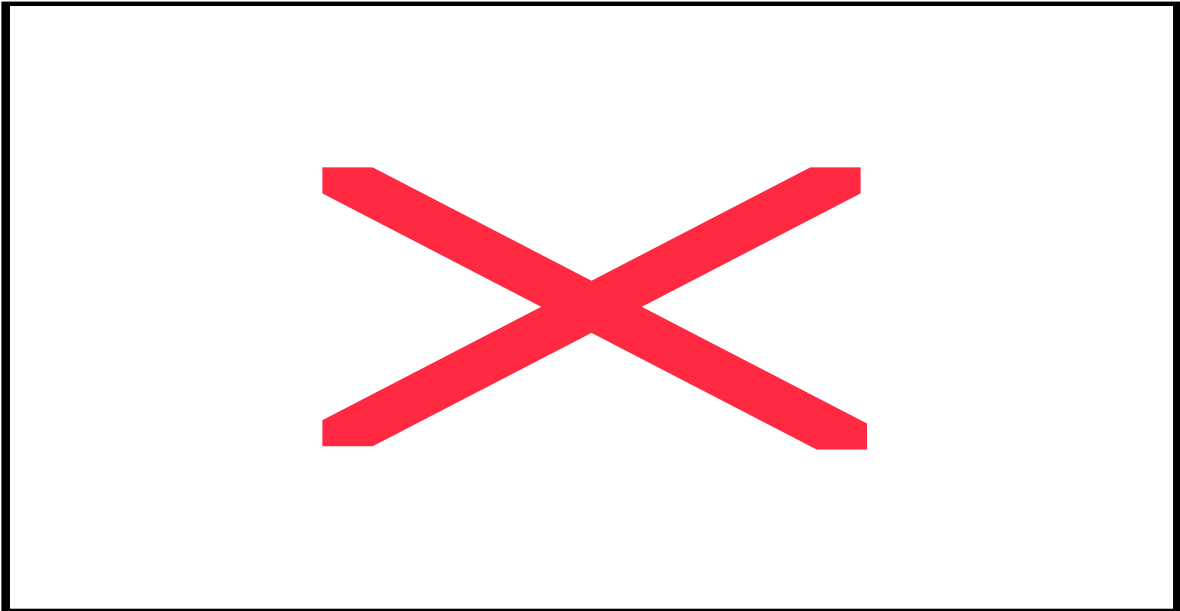
Why Does Texas Need Solar?



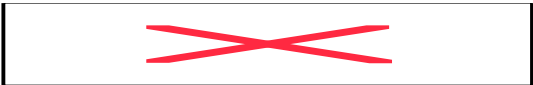
Pearce W. Hammond, Jr., C.F.A.
Director, Institutional Research
Simmons & Company International

Texas Needs Power!

Reserve Margin Challenge in 2011 - 2013

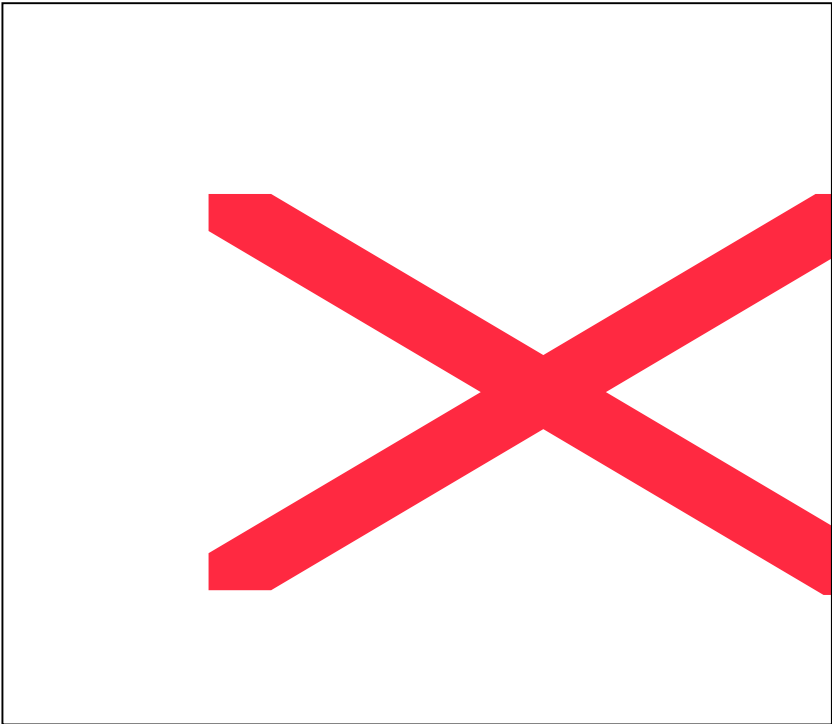


Source: Electric Reliability Council of Texas

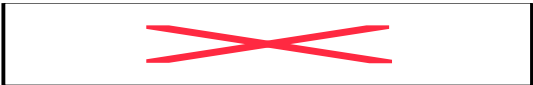
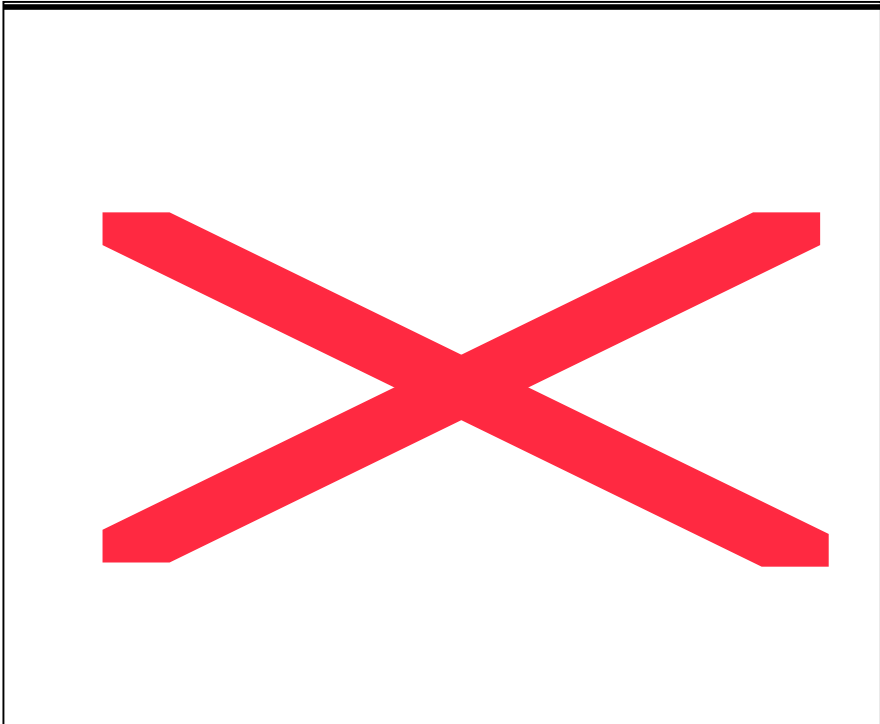


Current Texas Power Mix – as of Dec. 2007

Installed Capacity

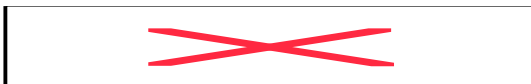


Power Generation

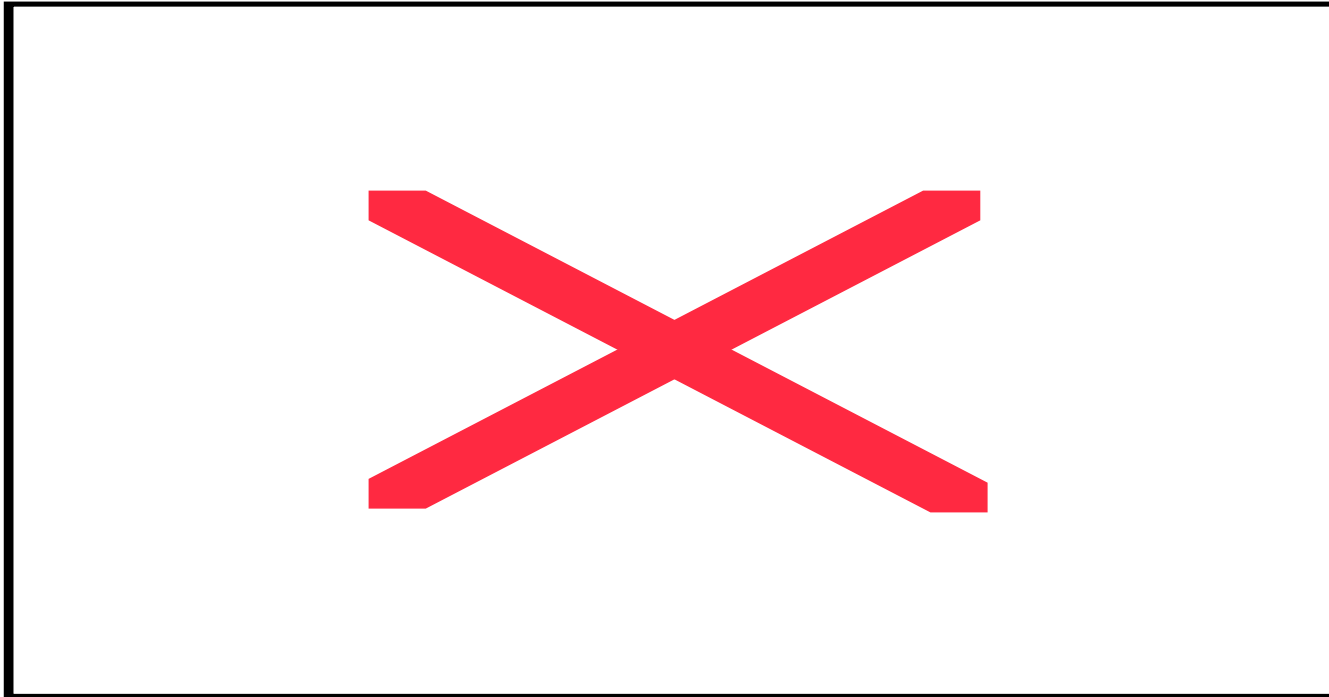


Texas Power is Expensive

- I pay 14¢ / kwh
- Offers on-line range from 13.1¢ - 17.0¢ / kwh
- EIA National
 - 10.64¢ - Residential
 - 9.67¢ - Commercial
 - 6.36¢ - Industrial
 - 9.40¢ - All sectors
- EIA Texas
 - 11.79¢ - Residential
 - 9.86¢ - Commercial
 - 7.72¢ - Industrial
 - 9.89¢ - All sectors
- Texas is a gas-fired state! Power is likely to get more expensive.



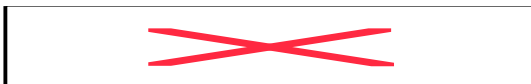
Commodity Prices



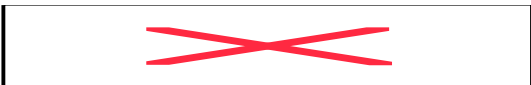
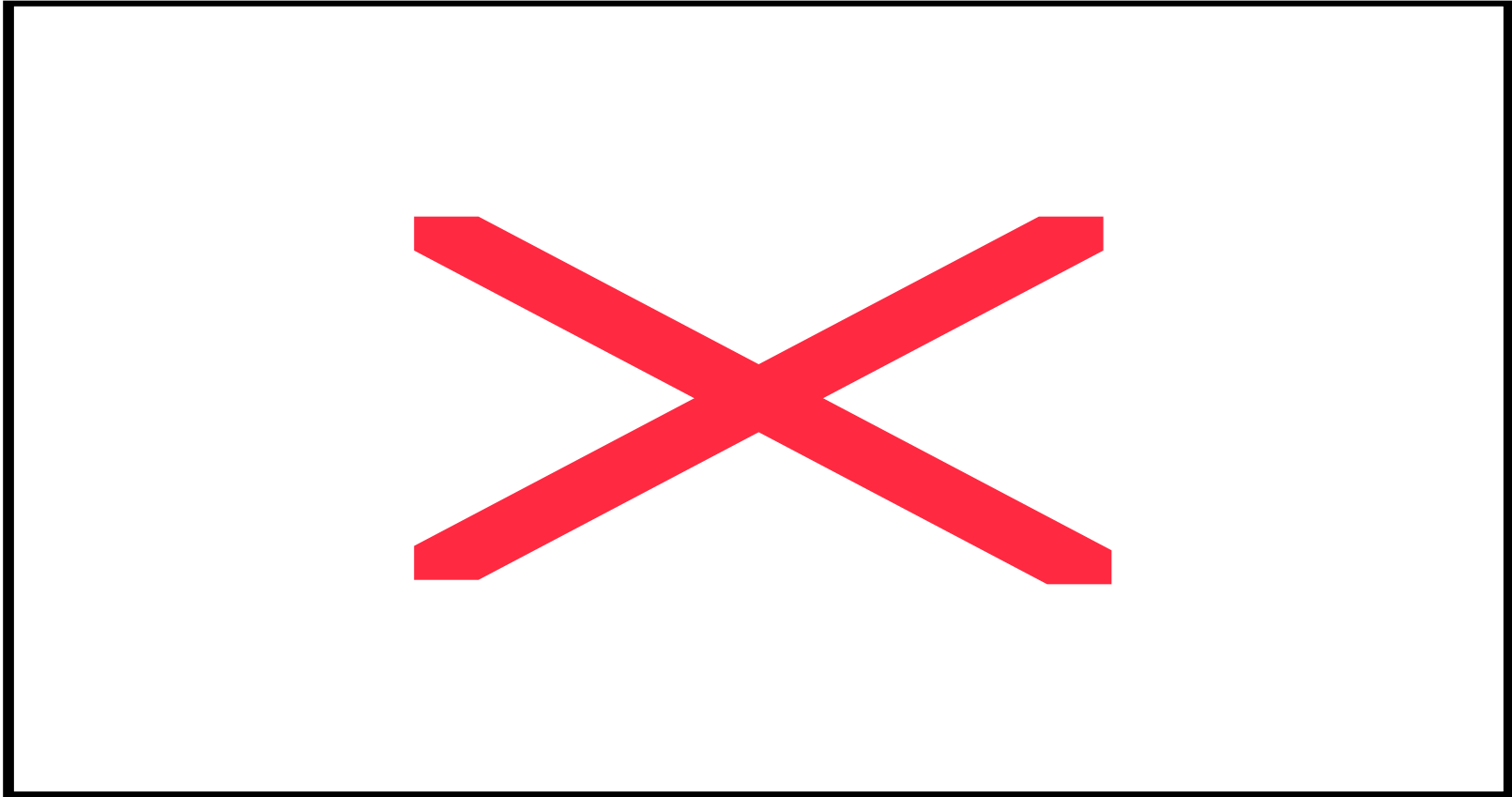
Source: Bloomberg.

Natural Gas at \$10/Mcf – \$70/MWh, or 7¢/kwh dispatch cost

Natural Gas at \$20/Mcf – \$140/MWh, or 14¢/kwh dispatch cost

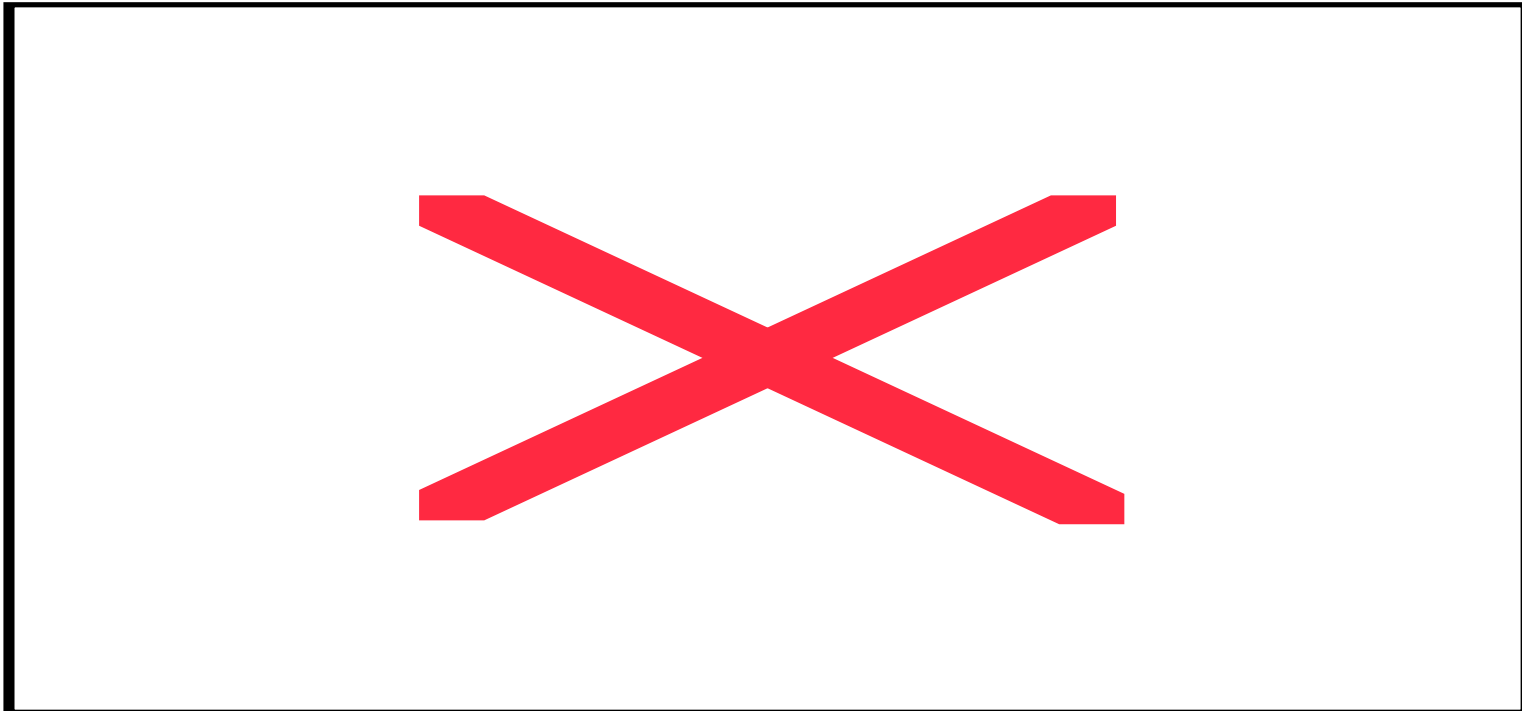


Cantarell Oil Field

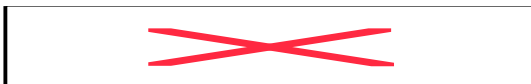


Coal Prices

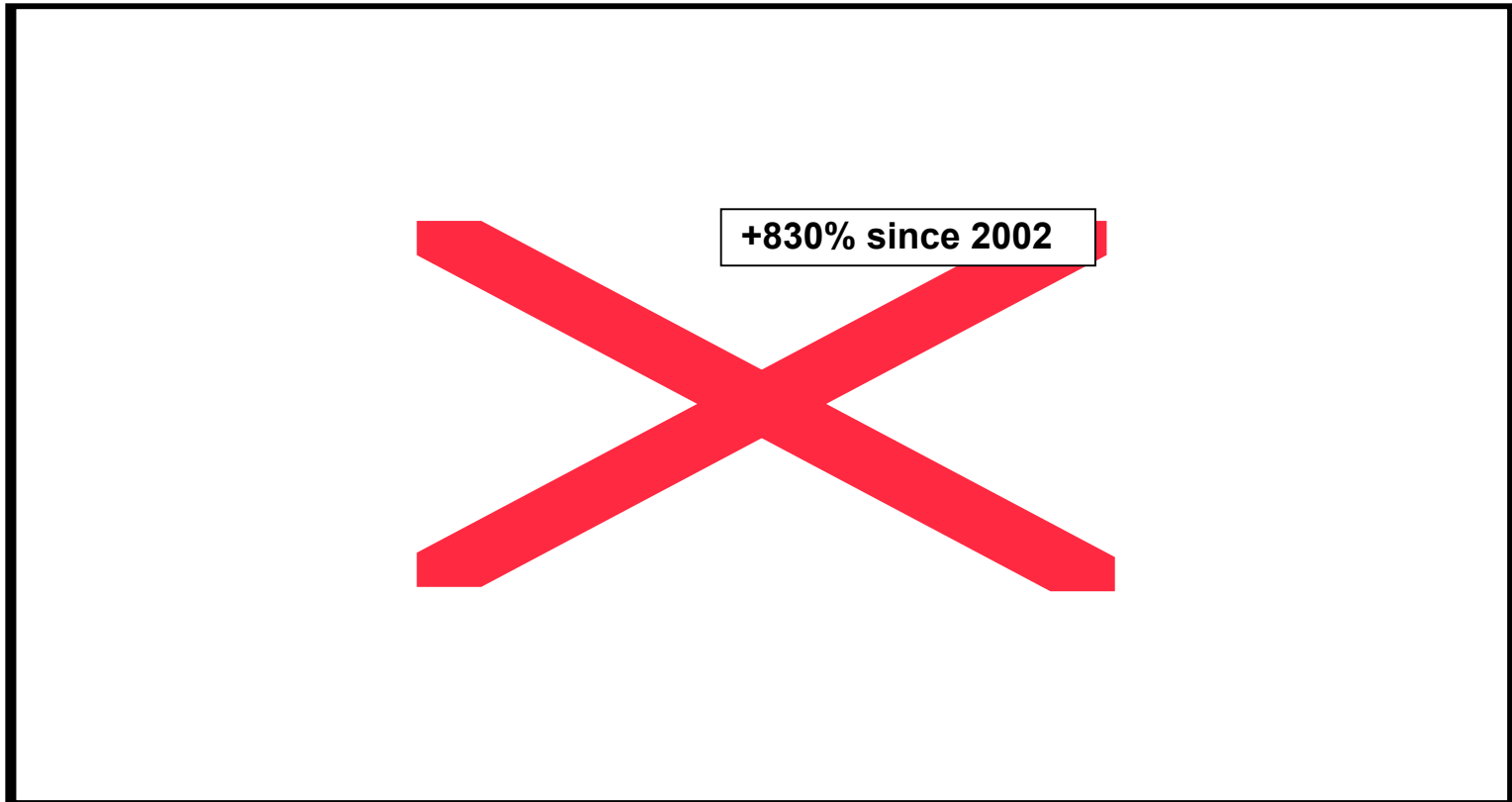
CAPP Front Month Contract Pricing (\$/ton)



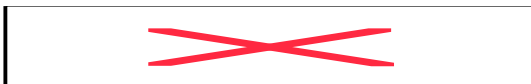
Source: Bloomberg.



Uranium Prices



Source: Bloomberg.



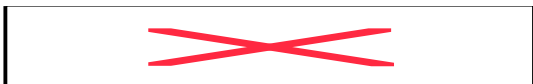
Capital Cost to Build a Power Plant

- Nuclear: \$4,000 - \$6,000 / kw
- Coal IGCC: \$3,500+ / kw
- Wind: \$1,800 - \$2,000 / kw
- Nat Gas CC: \$800 - \$1,000 / kw

- Key Cost Inputs
 - Steel +65% y/y
 - Copper +27% y/y
 - Labor
 - Cement

- Permitting time?

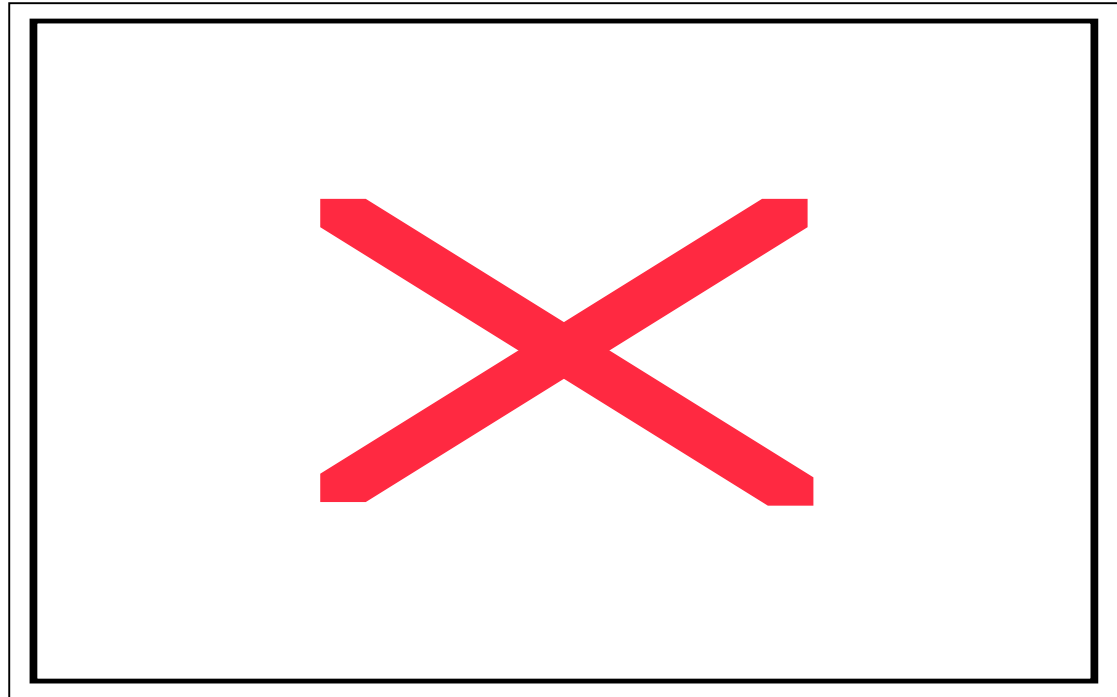
- Water?



Texas has had Big Success with Wind

- 4,356 MW installed, or 27% of total U.S.

Megawatts of Installed Utility-Scale Wind Power as of 12/31/07



Source: AWEA.

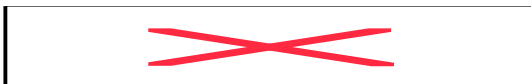
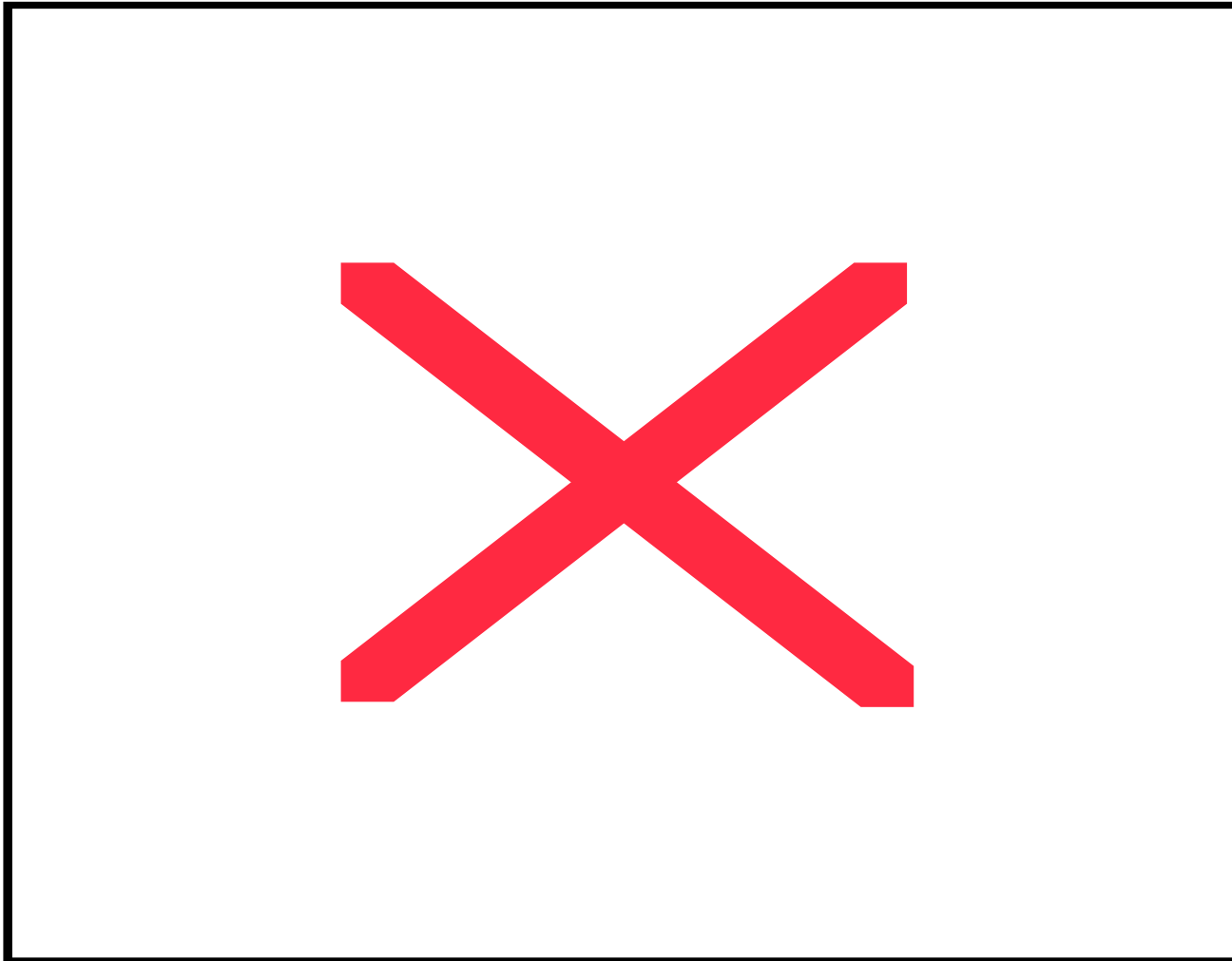


Texas has had Big Success with Wind

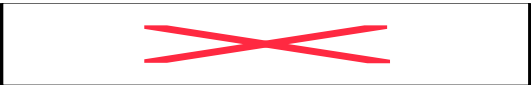
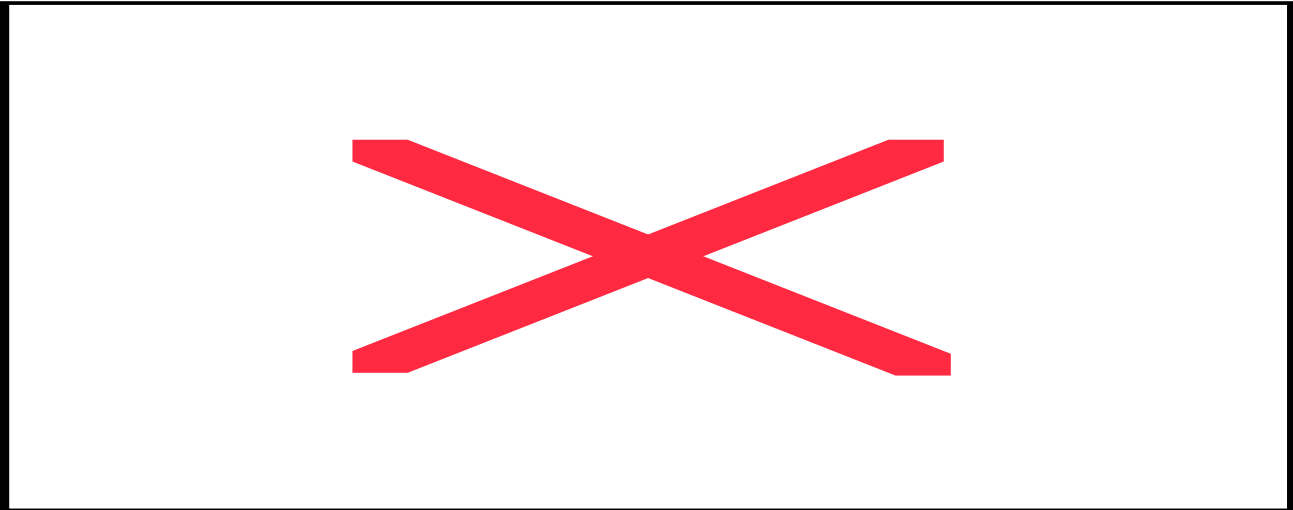
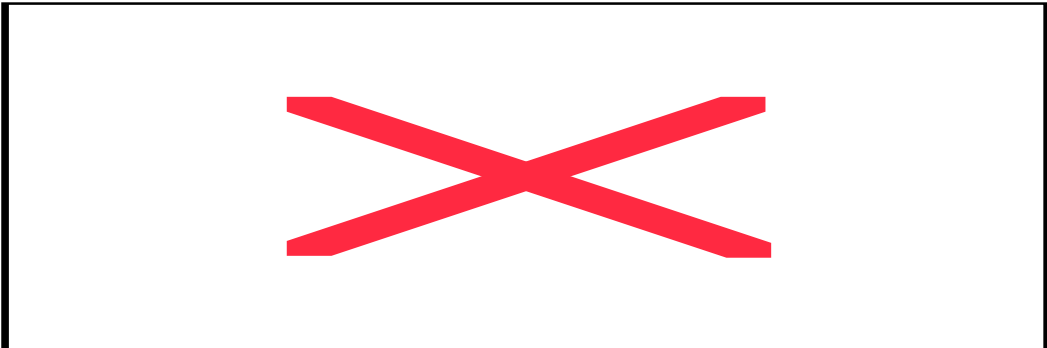
- Solar can be a compliment
- PV
 - Located at customer – transmission savings
 - Tracks a peak load – saves on natural gas
- Solar Thermal
 - Some dispatchability
 - Tracks a peak load



Texas is a Good State for Solar

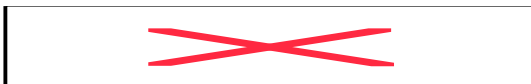


Is it Unreasonable to Assume that Grid Electricity Costs Could Reach 20+ cents / kwh?



Bottom Line

- Solar Should be Considered
- Fuel diversification
- Distributed generation
- Tracks a peak load
- Creates jobs



Questions and Answers



Appendix D

Analyst Certification:

I, Pearce Hammond, hereby certify that the views expressed in this research report to the best of my knowledge, accurately reflect my personal views about the subject compan(ies) and its (their) securities; and that, I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) or views in this research report.

Important Disclosures:

For detailed rating information, go to <http://publicdisclosure.simmonsco-intl.com>. Additional information is available upon request. Research analysts compensation is based upon (among other things) the firm's general investment banking revenues. Simmons & Company International may seek compensation for investment banking services from Ballard Power Systems, Fuel Cell Energy, Plug Power, Vestas Wind Systems and other companies for which research coverage is provided. The firm would expect to receive compensation for any such services.

Simmons & Company International makes a market in Ballard Power Systems. Simmons & Company International makes a market in Fuel Cell Energy. Simmons & Company International makes a market in Plug Power.

Other Disclosures:

This report may be made available in the United Kingdom through distribution by Simmons & Company International Limited, a firm authorized and regulated by the Financial Services Authority to undertake designated investment business in the United Kingdom. Simmons & Company International Limited's policy on managing investment research conflicts is available by request. The research report is directed only at persons who have professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) Financial Services and Markets Act (Financial Promotion) Order 2001 (as amended) ("FPO"); persons who fall within Article 49(2)(a) to (d) FPO (high net worth companies, unincorporated associations etc.) or persons who are otherwise market counterparties or intermediate customers in accordance with the FSA Handbook of Rules and Guidance ("relevant persons"). The research report must not be acted on or relied upon by any persons who receive it within the EEA who are not relevant persons.

Disclaimer:

This e-mail is based on information obtained from sources which Simmons & Company International believes to be reliable, but Simmons & Company does not represent or warrant its accuracy. The opinions and estimates contained in the e-mail represent the views of Simmons & Company as of the date of the e-mail, and may be subject to change without prior notice. Simmons & Company International will not be responsible for the consequence of reliance upon any opinion or statement contained in this e-mail. This e-mail is confidential and may not be reproduced in whole or in part without the prior written permission of Simmons & Company International.

