

BEFORE THE STATE OF WASHINGTON  
ENERGY FACILITY SITE EVALUATION COUNCIL

In the Matter of Application No. 2006-02  
**Desert Claim Wind Power Project**

**EXHIBIT 10**  
**PREFILED DIRECT TESTIMONY**  
**JOSEPH FAHRENDORF**

**Q. Please state your name and address.**

A. Joseph Fahrendorf

**Q. What is your position?**

A. I am Executive Vice President of Business Development at enXco.

**Q. What topics will your testimony address?**

A. My testimony will address the following topics:

- (1) My Background and Experience.
- (2) Desert Claim Wind Power LLC and enXco.
- (3) enXco's Project Development Decisions.

**Background**

1  
2  
3 **Q. Please describe your role and responsibilities as enXco's Executive Vice**  
4 **President for Business Development.**  
5

6 A. I serve as enXco's Executive Vice President of Business Development. I direct,  
7 control and lead the corporate and project development activities for all of enXco's  
8 North American renewable energy businesses. My responsibilities include:  
9

- 10 • Leading and coordinating key project development functions, including  
11 financial feasibility analysis, project engineering/design, legal review and  
12 financial negotiations;  
13
- 14 • Identifying "top prospect" renewable energy projects;  
15
- 16 • Researching and analyzing regional, national and international market  
17 conditions for renewable energy;  
18
- 19 • Completing project activities and requirements for national and  
20 international projects;  
21
- 22 • Developing and maintaining relationships with investment bankers,  
23 business developers, utility executives, regulatory agencies, federal, state  
24 and local government representatives, and other potential sources of  
25 business.  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37

38 **Q. How long have you held that position?**  
39

40 A. I have been in this position for nine years, since June 2000.  
41  
42  
43  
44  
45  
46  
47

1 **Q. What is your educational and employment background?**

2  
3 A. I have worked in the Independent Power Production and renewable energy sectors  
4 for more than 30 years. I have developed, financed and constructed more than  
5 twenty independent power projects, which together provide more than 3000  
6 megawatts of capacity, in the United States and Central America, using renewable  
7 and conventional fuel technologies. Before joining enXco in 2000, I worked at  
8 General Electric Company.  
9

10  
11 I have a Bachelor of Science degree in Marine Engineering from the U.S. Merchant  
12 Marine Academy, and a Master's in Business Administration from Xavier  
13 University.  
14  
15

16  
17  
18  
19  
20  
21  
22  
23  
24 **Desert Claim Wind Power LLC and enXco**

25  
26 **Q. What is Desert Claim Wind Power LLC?**

27  
28 A. Desert Claim Wind Power LLC is a Washington limited liability company that was  
29 created in 2003 for the sole purpose of developing the Desert Claim Wind Project. It  
30 is wholly owned and managed by enXco.  
31  
32  
33  
34

35  
36 **Q. What is enXco?**

37  
38 A. enXco is a renewable energy company that develops, constructs, owns, operates and  
39 manages renewable energy projects throughout North America. enXco is  
40 headquartered in California and has regional offices, including one in the Northwest.  
41 enXco is one of the oldest renewable energy companies in the United States and has  
42 been developing wind power projects in the United States since 1984. More  
43  
44  
45  
46  
47

1 recently, enXco has become involved with solar, geothermal and biomass projects as  
2 well. enXco is an affiliate of the French company EdF Energies Nouvelles.  
3  
4  
5

6 **Q. Does enXco have experience developing and operating similar wind power**  
7 **projects?**  
8  
9

10 A. Yes. enXco has owned and operated wind energy projects in the United States for  
11 more than twenty years. It currently owns nearly 900 MW and has developed over  
12 4,200 MW of wind power, and has projects totaling another 4,000 MW under  
13 development. In Washington, enXco had an ownership interest in Northwest Wind  
14 Partners, LLC, the entity that developed and constructed the 94 MW Goodnoe Hills  
15 Wind Project, located southeast of Goldendale in Klickitat County.  
16  
17  
18  
19  
20  
21  
22  
23  
24

25 **Project Development Decisions**

26 **Q. In general, how does enXco decide which wind projects to develop?**  
27

28 A. enXco works on a regional basis with local personnel to identify locations that would  
29 support renewable energy development. Project development is undertaken in  
30 stages, with increasingly detailed evaluation of a potential project and its economics  
31 as development activities move forward. Potential project locations are identified  
32 based upon a variety of factors including wind energy resource, electrical  
33 transmission, interconnection capacity, and land suitable for construction. Promising  
34 locations are then evaluated for engineering, construction and permitting feasibility.  
35 Potential project designs are considered and the economics evaluated. If a decision  
36 to proceed is made, project permitting begins and commercial arrangements for  
37 transmission, interconnection and power sales are explored.  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

**Q. Why did enXco decide to develop the Desert Claim project?**

A. All of the project evaluation criteria appeared to be favorable. There are relatively few areas in Washington that have a significant wind resource and have nearby electrical transmission. This area in Kittitas County had both. We then investigated the availability of land, and evaluated permitting requirements and environmental constraints. With these factors favoring project development and no "fatal flaws" emerging, we proceeded with project permitting and development.

**Q. Why did enXco decide to continue pursuing the Desert Claim project after Kittitas County denied initial permit applications in 2005?**

A. We feel strongly that the wind resource available at the Project is one of the best available in Washington State, which as I said has limited areas with sufficient wind resource to support commercial scale wind development. After Kittitas County denied the permits for the original project, we took a close look at the issues that were raised during the County process and the reasons that were given for denying the permits. The main issues of concern appeared to be noise, shadow flicker, contiguous project land, and setbacks from nearby residences. We felt confident that we could redesign the Project to address these concerns. The redesigned project complies with Washington's noise regulations. Turbines have been located far enough from residences so that shadow flicker is not expected to be a problem, and if it is a problem, we have committed to turning off the turbines that cause the flicker during the relevant time periods. The revised project is made up of contiguous properties. Finally, we've increased the distance between turbines and non-

1 participating residences so that all turbines are located more than 4 times the total tip  
2 height of turbines (1,640 feet) from non-participating residences. Under the revised  
3 configuration, only 7 non-participating residences have a turbine less than 2,500 feet  
4 away. Once we found a way to address the concerns while still keeping a viable  
5 project, we saw no reason not to go forward with efforts to permit the Project.  
6  
7  
8  
9

10  
11  
12 **Q. Why did you decide to file an application with EFSEC rather than filing a new**  
13 **application with Kittitas County?**  
14

15  
16 A. We understood that in Washington a wind project developer has the choice of  
17 whether to go through a local permitting process or to go through EFSEC. We  
18 decided to file an application with EFSEC because we were confident that the  
19 statewide Council would make a fair permitting recommendation based on an  
20 objective evaluation of the Project. We also felt that the Council would consider the  
21 proposed Project in light of the state energy policy and other state laws and policies  
22 that favor the development of renewable energy resources.  
23  
24  
25  
26  
27  
28  
29

30  
31  
32 Needless to say, the company did not have a positive experience in the County  
33 permitting process the first time. I do not necessarily think it is productive to re-hash  
34 that process and our perspective on who said or did what throughout the process. I  
35 hope it will suffice to say that from a business perspective, we felt that the Council's  
36 process would be more objective and less likely to be unduly influenced by local  
37 political pressures.  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

1 Even after deciding to file an application with EFSEC, however, we have continued  
2 to try to resolve any remaining concerns with the County. I personally attempted to  
3 contact each of the County Commissioners prior to filing our initial EFSEC  
4 application in 2006, and they did not return my calls. Our project director David  
5 Steeb can provide more information on efforts to resolve the County's concerns since  
6 then.  
7  
8  
9  
10  
11  
12  
13

14 **Q. If you obtained a Site Certification Agreement from EFSEC and the Governor,**  
15 **when would construction of the Desert Claim Project occur?**  
16

17  
18 A. Timing of construction would depend upon when interconnection, transmission and  
19 power purchase agreements are negotiated, the availability of turbines and other  
20 equipment, and the timing of project financing. We hope to begin construction as  
21 soon as late fall 2009, but ask the Council to provide a 5-year build window similar  
22 to those found in the Site Certification Agreements issued for the Wild Horse and  
23 Kittitas Valley projects.  
24  
25  
26  
27  
28  
29  
30

31  
32 **Q. Does enXco intend to continue to own and operate the Desert Claim Project**  
33 **after it is permitted and constructed?**  
34

35  
36 A. enXco and its affiliates own and operate several wind power projects, but in some  
37 instances, we've sold projects to utilities after completing the permitting process.  
38 How we proceed will depend in part upon the market. If we can negotiate a  
39 favorable long-term power purchase agreement, we may own and operate the  
40 Project. On the other hand, if utilities are not willing to negotiate long term power  
41  
42  
43  
44  
45  
46  
47

1 purchase agreements but instead want to purchase the asset, we might sell the Project  
2 following permit approval.  
3  
4  
5

6 **Q. Where does enXco intend to sell the power from the Project?**  
7

8 A. Again, where we sell the power will depend upon the market. Given the renewable  
9 portfolio standard recently adopted in Washington, we expect there will be  
10 considerable demand for wind power from Washington utilities. Similar  
11 requirements in other western states are also creating demand for wind power. We  
12 have developed one other project in Washington -- the Goodnoe Hills Project located  
13 near Goldendale -- and we eventually sold that project to PacifiCorp, an investor-  
14 owned utility that serves portions of Washington State.  
15  
16  
17  
18  
19  
20  
21  
22  
23

24 **Q. Does that conclude your testimony at this time?**  
25

26 A. Yes.  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47