



Enron Wind Corp.

# MEMORANDUM

DATE: January 30, 1998

TO: Rob Bradley

FROM: Ken Karas *KK*

SUBJECT: DOE SESSION

Thank you for your cc: Mail regarding the DOE modeling conference.

Hap Boyd, who has been in the industry for about 15 years, heads our governmental affairs department, and who spends about half his time in Washington (so much so that he has his own office in Enron's Washington facility), will do the presentation. He will coordinate pulling together the wind and solar numbers. I understand from your memo that you will pull together the numbers and information on the other renewables and provide that to Hap. Hap's numbers are:

California: 805 823-6734 Voice  
805 822-7880 Fax

Washington D.C.: 202 466-9163 Voice  
202 835-0971 FAX

*these  
Yeah when you are in  
the taxpayer's pocket  
Right to question our in  
the balance.*

I would like to respond to some of the comments you made in your letter.

1. I do not believe openness and integrity are the same thing. Integrity is honesty and doing the right thing. It is sometimes a good idea to be open and it is sometimes a good idea to keep your thoughts to yourself. It all depends upon the situation. We have all sorts of corporate Intellectual property, ideas, strategies, etc., that we believe are confidential and with which we are not "open." Nonetheless, we can conduct our business with integrity and honesty. The degree of openness is dictated by the situation and the company objectives.
2. I would appreciate understanding what you meant by "as far as I know" when you applied it to your comment about how Enron Wind Corp. has been winning bids in a "fair bid process (as far as I know)."

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*paranoid -- if states are not requiring  
bids, then could be favoritism.*

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*good concessions. This is in my  
Cato paper. I now wonder if it  
is more.*

- 3. The value of approximately 2¢ per kWh is probably right for the tax equalization adjustment. Of course, adjustments for depletion allowances, depreciation, etc., would need to be applied to the other technologies as appropriate.
- 4. The cost of generating power with wind is quite simply what is spent in actual dollars to generate the power. We do not believe adders to account for intermittence, incremental transmission, etc., are costs. A potential buyer of that power may value the power differently because of issues such as intermittency, incremental transmission, etc., or he might not. The buyer also might apply similar valuation approaches to his purchase of coal-fired, gas-fired, or nuclear powered electrical generation with respect to his environmental concerns. Those are values, not costs. In summary, we believe you are mixing cost with value. *Could have "cost" and then "value differential,"*
- 5. Admittedly, I am not an expert in natural gas-fired technology, but I sincerely doubt that a combined cycle natural gas plant can be built at a 30 year levelized nominal cost of energy of 2.5¢/kWh.
- 6. With respect to visiting our facilities in Tehachapi, we would be delighted to show you around.

I am concerned about your comments that while you are going to "back off" the "popularization stuff," you still intend to do "longer think tank pieces," which I am afraid might include things like your report for the CATO Institute. We violently take issue with some of what you wrote for the CATO Institute, and continue to be concerned with assisting you if you are going to write pieces for publications outside of Enron, in which what we believe to be your biases will be expressed. Ken Lay called me to request that we cooperate with you and support your efforts on behalf of Enron Corp., but in that conversation he made it clear to me that you are going to be doing nothing with respect to renewables outside of your responsibilities for Enron. Your memo indicates otherwise.

*Misunderstanding  
I told Lay I*

*will write broad sustainable energy piece + Kyoto piece that will bring in renewables, but*  
Finally, I believe there should be one Enron point of contact with the to the outside world regarding our technologies (wind and solar), and it should be us. Accordingly, I request that you refer all outside inquiries regarding wind and solar to either EWC (wind) or Solarex (solar). If you are not comfortable complying with this request, you might wish to schedule a meeting with Tom White to discuss it.

Thanks for your help.

*I would not write focused renewable piece,*

cc: Tom White