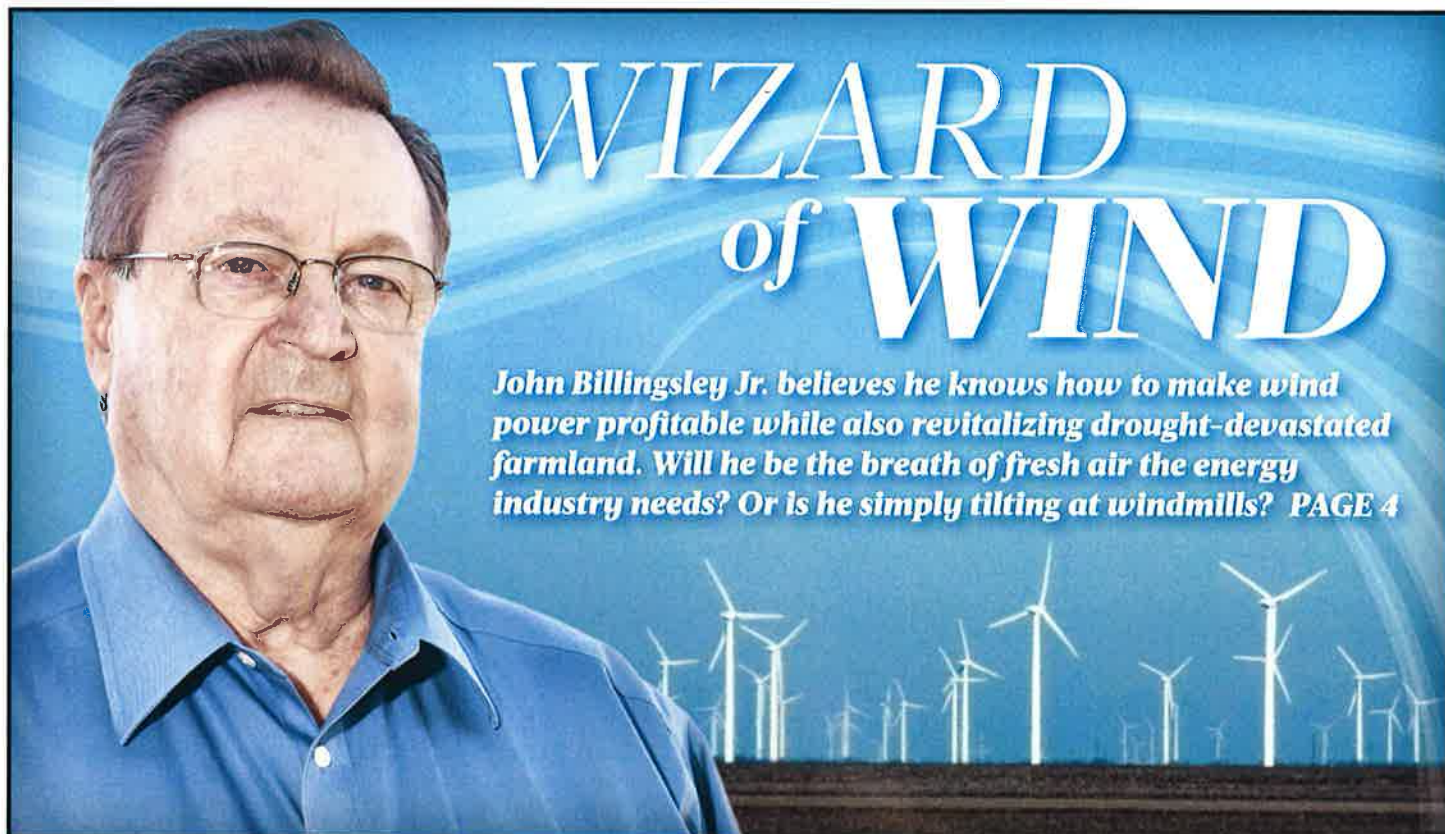


COVER STORY

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John Billingsley Jr. believes he knows how to make wind power profitable while also revitalizing drought-devastated farmland. Will he be the breath of fresh air the energy industry needs? Or is he simply tilting at windmills? PAGE 4

PHOTOGRAPHY: JAKE DEAN; PHOTO-ILLUSTRATION: MICHAEL SAMPLES

BY NICHOLAS SAKELARIS
nsakelaris@bizjournals.com
214-706-7120, @DBJNicholas

John Billingsley Jr. spent his youth picking cotton in fields just south of Lubbock, where West Texas winds of up to 20 or 30 mph would slap at his face like a hard open hand.

"Growing up out there, driving a tractor many, many years right in the middle of that wind, it was a big headache," the 74-year-old Billingsley said.

But six decades later, he hopes that the wind will make it all up to him.

The chairman and CEO of Tri Global Energy, a Dallas-based wind-farm company, Billingsley's on the verge of harnessing wind power and bringing it to North Texas under an untested model.

Tri Global has leased more than 640,000 acres throughout the Texas Panhandle, with plans to build 16 wind farms totaling

6,600 megawatts over the next decade. That's enough to power 1.9 million homes annually. Just one of those projects, the 122,000-acre Hale Community Energy wind farm, already is poised to become the world's largest, which will produce 1,100 megawatts once completed.

Tri Global faces plenty of competition from the usual players, such as Lincoln Renewable Energy, to unusual ones, such as Google. But Billingsley still stands out.

When he calls his wind farms community-based projects, he really means community-based. For example, 340 local landowners, mostly farmers, have bought into Billingsley's vision of the huge Hale County farm as investors. And each wind farm has a board of directors that looks like a small-town Kiwanis club, peopled with farmers, doctors, lawyers, university professors and auctioneers.

In the big-money world of Texas energy, it's an audacious bet by a good-humored straight shooter with the soul of an old-

fashioned wildcatter.

Known for making a gainful go at ventures as varied as buying a bank and massaging mineral rights, Billingsley may finally succeed where others have fallen with a thud: transforming wind power from a money-sucking novelty into more than just a stable, viable power source, but into a profitable, growing part of the state's energy portfolio.

"Traditionally, community wind was in the small projects, 20 megawatts," said Larry Flowers, deputy director of the American Wind Energy Association. "Tri Global is coming from the top down in looking at much larger projects and providing opportunities for local and community folks to participate financially in those projects. That's the piece I think that is exciting."

Where he's from and where he's going
Billingsley saw how other wind developers did business on his water-parched home

TEXAS BLOWS PAST OTHER STATES WHEN IT COMES TO WIND POWER

Top 5 wind-producing states ranked by megawatt hours generated in 2013 through October

1	2	3	4	5
Texas	Iowa	California	Oklahoma	Kansas
30,210 MWH	12,512 MWH	12,153 MWH	8,990 MWH	7,861 MWH

Source: Energy Information Administration

turf and wanted to find a better model that also helped local farmers decimated by drought. Five years ago, he began the process of turning that model into a reality.

"Having this wind farm out there is going to save their way of life," Billingsley said. "I grew up on a farm thinking I was going to live out there forever. Irrigation is drying up out there, and this will let them stay out there for generations to come."

On this subject he speaks with authority and authenticity. His roots in West Texas run deep, from his soft-spoken, Lubbock-echoed accent to the collection of genuine cowboy spurs that decorate his office off the Dallas North Tollway. The business may be all about wind, but no one puts on any airs; he and his executive team eschew suits and ties for open-collared shirts and slacks.

From all indications, his plan seems to be working – even without a single blade spinning. For renewable energy in oil-rich Texas, that's saying something.

Tri Global expects 2014 to be a breakout year with projected revenue of more than \$19 million. The company brought in \$4.9 million in 2013 and \$3.7 million in 2012. Billingsley said he's turning a profit, but wouldn't disclose numbers.

The first of what Billingsley hopes will be many turbines is scheduled to be erected this month in Crosby County. Later this year, construction is slated to start on the 1,100-megawatt Hale Community Energy wind farm, the one that will propel Tri Global into the record books.

"I'd say it's some of the best wind in the world," said Jeff Clark, executive director of The Wind Coalition in Austin. "What Tri

Global has done is they've tried to find a way to get involved with the landowner. Spreading the benefit to more people is always good."

Wind is the latest in Billingsley's long line of successful endeavors. The Texas Tech grad has worked as a certified public accountant and founded his own CPA firm that later merged with Arthur Young. He owned a bank in Midland and a pre-fab building manufacturing plant in Arlington. He built a sulfur-recovery unit for an oil refinery and bought and sold oil and gas mineral interests. He was a commercial developer and piloted private planes.

After all that, the entrepreneur had no intention of slowing down.

"I guess sitting around the house looking at passing investments and playing golf wasn't really my cup of tea. Getting into this – it's passionate," he said as a sly, fissure of a smile unfurled across his disarmingly cherubic face.

"It's basically my life," he added.

CFO Henry "Hank" Schopfer said Billingsley shows up to work before dawn, typically six days a week.

"John is remarkable; his work ethic is as though he never left the farm he grew up on in West Texas," Schopfer said. "His business success is attributable to his strong vision, the ability to see into the future and his analytical ability, combined with his willingness to put his own money at risk."

Against the wind

Wind power has its share of critics, who say it's intermittent and can drop off quickly when weather conditions change.

In Texas, the rise of wind power has coincided with an increase in

HOW IT WORKS

Five years ago, the then 69-year-old John Billingsley Jr. dropped the golf clubs and founded Tri Global Energy because he wanted to find a better way to lease and operate wind farms.

Landowners who lease to Tri Global are part of a community wind farm where everyone gets royalties regardless of whether the turbine is on their land. It's similar to the unitization, or pooling, of oil and gas leases.

These landowners are also investors in the project, and each one is its own independent limited liability company with a board of directors.

"It's a heck of a lesson on what capitalism can do. They've got every incentive in the world as a community to get this thing off the ground," Billingsley said.

By establishing independent LLCs for each wind farm, the directors pay monthly management fees and have been doing so since inception.

And, when the Pleasant Hill Wind project broke ground, Tri Global collected what's called a developer success fee for starting the project.

"Now that our projects are processing through the development period, Tri Global Energy expects to generate several millions of dollars of success fees each year," Billingsley said.

Tri Global is seeking a patent for the community wind farm concept.

The case law for putting a patent on a business plan was established in the 1990s and is still hotly debated to this day, said Phillip Philbin, a partner at Haynes and Boone LLP, a Dallas-based law firm.

"Did they invent the method or did they just take a known method in one industry and apply it to this industry? That in itself may be patentable if it wasn't obvious to anyone else," Philbin said.



the construction of quick-start natural gas plants, which can respond quickly when needed.

"Wind can really keep costs down and gas can keep the reliability up. And together, you're able to build a hybrid system that is reliable and cost-effective," Clark said.

At least some people believe that.

To show its commitment to alternate fuels, the federal government offers a production tax credit for wind farms. Tri Global has seven projects, totaling 1,520

megawatts, that qualified for the credit, which pays producers \$23 per megawatt hour.

Some states even offer an additional wind credit on top of that. But Texas, the top wind-producing state in the country, doesn't. With its powerful oil, coal and natural gas interests, such a credit has become a hot political target for conservative groups and investors, including the billionaire Koch brothers.

In a November letter to Congress, Americans for Prosperity accused the wind

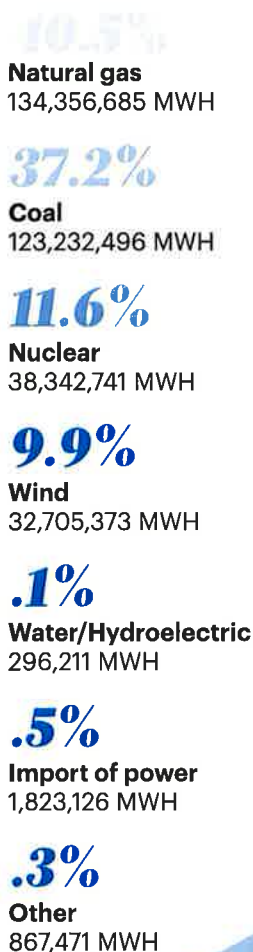
industry of "being woefully dependent on this federal support."

Still, Billingsley is unfazed by such criticism. Almost as if in defiance of it, Tri Global plans to more than double its square footage in 2014 and will grow the staff from 10 to 25.

With all these wind farms in queue, Billingsley has plenty to keep him busy until he's well into his 80s. But he's got even brighter, but no-less-controversial, ambitions for the future. You see, he has a few new ideas about solar farms. ...

ERCOT ENERGY PORTFOLIO

Breakdown of where ERCOT got its power generation in 2013. The ERCOT grid covers 85 percent of Texas, including Dallas-Fort Worth.



\$6.8 BILLION TRANSMISSION PROJECT PUTS TRI GLOBAL ON THE GRID

All that wind power doesn't mean anything if you can't get it to the major population centers. Here again, John Billingsley Jr. had a favorable wind blow his way.

In 2009, Oncor and other Texas electric utility companies started a massive \$6.8 billion project to build transmission lines and substations to bring wind power to bustling population centers like Dallas-Fort Worth and Austin.

Known as the Competitive Renewable Energy Zone, or CREZ, the project was still in early stages when Billingsley started leasing land in Panhandle.

"Nobody really knew definitely it was going to happen or not happen and if so, where it was going to go," Billingsley said. "Whenever we started developing these, we developed it basically on faith that there would be transmission that would get it to places that would use it."

That risk paid off last year when all the power lines surrounding Tri Global Energy's land became energized, marking the completion of the CREZ project.

Oncor, the Dallas-based electric delivery company that serves most of North Texas, built more than 1,000 miles of new transmission lines at a cost of \$1.9 billion, the most of any company. Oncor, a subsidiary of the financially troubled Energy Future Holdings, also built 30 new substations.

More sources of electricity

generation will be a welcome sight for power-hungry metropolitan regions like Dallas-Fort Worth.

"First, we hope that a large amount of electricity generated from our wind farms will be transmitted via the CREZ lines to Dallas and other major Texas cities to help alleviate any electrical shortages as we help lower the price of electricity for Dallas and other Texas electricity consumers," Billingsley said.

Gil Salazar, a CREZ project manager for Oncor, said transmission lines that link up to wind farms that aren't yet built were the last priority, which is why the lines surrounding Tri Global Energy were finished last.

Oncor customers will pay for the CREZ project through electric delivery charges on their bill.

The CREZ project feeds into the state's largest electric grid, known as the Electric Reliability Council of Texas, but that won't be Tri Global's only option for selling electricity.

A massive super station called Tres Amigas is being developed just across the New Mexico border near Clovis. This station will sell power to ERCOT and two other national electric grids.

"It was another blessing. We took it on faith after reading it in the newspaper," Billingsley said.

"Tres Amigas makes a press release announcing that they're going to make this facility. We had no idea that that was in their plans, but they'd been planning that for years."