

LAL LAL WIND FARM PROJECT UPDATE 6



This Project Update was first issued by WestWind Energy in February 2010

This is the sixth Project Update from WestWind Energy to provide you with further information about the Lal Lal Wind Farm. You have received this because you are on our stakeholder database.

Please contact us if we do not have your correct contact details or if you know of anyone who has not received a copy of this Project Update but would like to. (Please refer to the back page for contact details)

NEWS IN BRIEF

GRID CONNECTION FOR LAL LAL WIND FARM

- Elaine Section grid connection preliminary work.
- Yendon Section grid connection preliminary work.

CURRENT POLICY ENVIRONMENT FOR WIND FARMS

- Analysis of the current regulatory and commercial imperatives affecting renewable energy ventures.

OTHER NEWS

- A brief outline of WestWind's other ongoing work.

GRID CONNECTION FOR LAL LAL WIND FARM

Since the Minister for Planning issued a Planning Permit for the Lal Lal Wind Farm, a number of key actions have taken place to enable the detailed design of the Elaine and Yendon sections of the wind farm. Specifically, this work has been focussed on the electrical connection of the wind farm to the national electricity grid. Furthermore, WestWind Energy has applied for an electricity generation licence with the Essential Services Commission (ESC). A generation licence is required for all generators that operate and sell electricity in the National Electricity Market.

ELAINE SECTION

For the Elaine section, the electrical connection is reliant on outcomes related to the power line and grid connection for the Mount Mercer Wind Farm (MMWF). WestWind Energy has been working with Meridian Energy Australia Pty. Ltd. (MEAPL), the Australian Energy Market Operator (AEMO), Powercor Network Services (PNS), and SP AusNet, toward the most efficient grid connection design for all stakeholders.

Issues currently being worked through include:

- ▲ Easement creation and line route design, primarily for Mt. Mercer Wind Farm, but also for the Elaine section of Lal Lal Wind Farm
- ▲ Shared asset discussions with SP AusNet, MEAPL, and PNS

YENDON SECTION

The Yendon section of Lal Lal Wind Farm, which will be connected to the national grid separately, is also undergoing detailed electrical design work. At this point in time, WestWind Energy has lodged a Connection Enquiry with Powercor Australia (Powercor), and will soon lodge a Connection Application with Powercor, to enable further advanced electrical design work to be undertaken.

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CURRENT POLICY ENVIRONMENT FOR WIND FARMS

A number of factors have influenced an apparent slow-down in construction activities within the renewable energy sector. This has affected many projects across the country, including some major wind farm projects here in Victoria, most notably for us, the Mount Mercer Wind Farm.

Some readers may be aware that the ratified Kyoto Protocol and the recent Copenhagen Accord have failed to provide immediate benefit to the renewable energy industry in Australia. This is due to a 'policy vacuum' at the Federal level, and the complex nature of the proposed Emissions Trading Scheme (ETS), as well as fundamental flaws in some parts of the Renewable Energy Target (RET) scheme.

According to the Chief Executive of the Clean Energy Council (CEC), Mr. Matthew Warren, "One of the fundamental structural problems with the current design of the RET is that a range of support measures for small scale technologies are unintentionally crowding out investment in larger-scale clean energy plants". Put simply, "...the low price of renewable energy certificates has stalled investment in renewable energy projects...".

Mr. Warren goes on to suggest that, "The biggest challenge for the industry right now is investor certainty. Developing and legislating a

decisive and effective solution to the design of the RET will help remove the regulatory uncertainty which is stalling multi-billion dollar investment in this sector."

It should be noted that electricity generation using large wind turbines is not subsidised, as opposed to a raft of small domestic-scale renewable energy technologies – most notably solar – which are subsidised at both State and Federal level. At present the continued development of utility-scale renewable energy projects relies solely on cost-driven market mechanisms that have been created under the RET scheme.

The subsidies for solar technologies and heat pumps have led to a slump in the price for Renewable Energy Certificates (REC's) as these technologies are presently allowed to 'double dip'. They get subsidies and REC's and, since the subsidies are very high, these technologies provide an attractive return, even at low REC prices.

We are hopeful of some positive development at the Federal policy level which will provide the necessary drivers to re-invigorate investment and contribute to commencement of construction of some large-scale wind energy facilities.

OTHER NEWS

WestWind Energy is continuing development work on a number of other wind energy projects, including the Moorabool Wind Project, south of Ballan.

A Planning Permit Application was submitted to DPCD in December 2009, and we are close to placing the Application on formal exhibition.

As part of the development of the Moorabool Wind Project, a Complex Cultural Heritage Management Plan needs to be approved. The field work for this exercise will take place over the next few weeks.

The Moorabool Wind Project is WestWind's largest project to date, and our recent experience with Mount Mercer Wind Farm and Lal Lal Wind Farm (both receiving planning approval) has helped us considerably in developing our proposal for a wind energy facility consisting of 110 wind turbines, divided into two sections.

We anticipate a Panel Hearing will be held in the coming months, to provide recommendations to the Minister for Planning, before a final decision is made.

FURTHER INFORMATION & CONTACTING WESTWIND ENERGY

If you have a specific question or concerns that you would like to raise with us or you would simply like to be added to our mailing list please do not hesitate to contact us.

Adam Gray
Project Manager (Lal Lal Wind Farm)
Direct:.....03 53 300 213
Email:gray@w-wind.com.au

Gisborne Head Office
Office 5, Level 1, Nexus Centre
12-14 Prince Street
Gisborne VIC 3437
Telephone:03 54 219 999
Facsimile:03 54 283 100
Web:www.w-wind.com.au