



Africa Newsletter

2010

Photograph courtesy
of International Power.

News in brief

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Kenya & South Africa

Investors choose Kenya

SODAR

Alternatives to met masts

Suppliers

More choices for turbine
supply

Wind resource

Supervising mast
installations for greater
project value



Working in partnership. Delivering capacity.

Track record

"Africa is an exciting new arena for wind with enticing feed in tariffs attracting international prospectors to the market. The continent's demand for energy is rising, its populations are widely dispersed and many areas benefit from excellent wind and solar resources. These combined factors have led to renewables playing a role of growing importance in Africa's energy mix. We are here to make sure our clients' African ventures benefit from our global knowledge and experience."
Chanda Kapande

Due diligence

We act on behalf of owners, investors and banks requiring due diligence services around the world.

» Due diligence on 15GW



» Due diligence on 86 contracts

» Clients

- | | |
|---------------------------------|------------------|
| Alliance & Leicester | Group Santander |
| Allianz Specialised Investments | HgCapital |
| Allied Irish Bank | HSBC |
| AXA Private Equity | HSH Nordbank |
| Babcock & Brown | LBBW |
| Bank of Ireland | Société Générale |
| Bank of Scotland | Ulster Bank |
| Barclays | |

The experts



Arabel Liddell
Engineering team manager

Arabel has been with Wind Prospect since 2007 providing consultancy services and technical and commercial due diligence for onshore and offshore wind farms in European and North American markets.

In her role, she is also responsible for tendering and negotiation of turbine supply contracts as well as overseeing the construction, resource assessments and energy predictions of wind farms.

With over 8 years experience in the field, Arabel previously worked providing technical due diligence services for investors in wind farms including: turbine supply, balance of plant grid connection and power purchase agreement contract reviews, turbine technology and site suitability reviews, financial model reviews, site suitability.

Wind resource

We provide a complete range of services to clients around the world ranging from supervising mast installations, to data management and full energy yield assessments.

» Wind resource services - 11.5GW



» Wind resource on 135 projects

» Clients

- Bord Gais
- China Light & Power
- EdF Energies Nouvelles
- EDP Renováveis
- E.ON Climate & Renewables
- Gaz de France Suez
- International Power Plc
- Oklahoma Gas & Electric



The experts

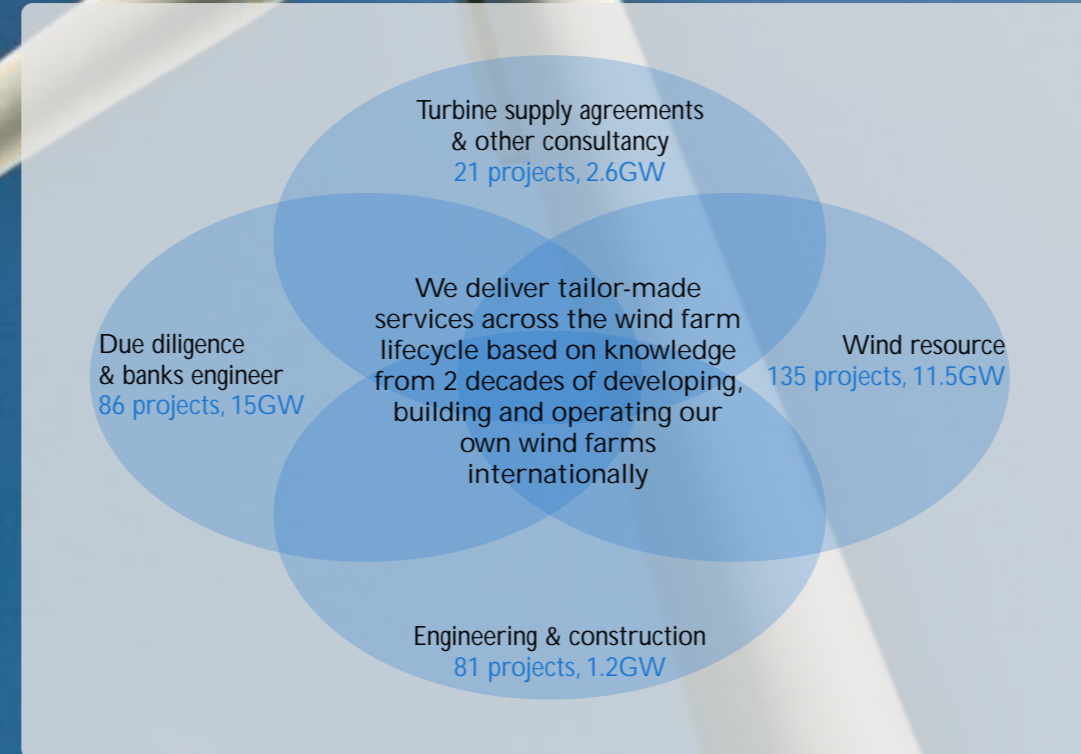


Dr Paul Stangroom
Wind resource team manager

Paul has worked with Wind Prospect for over three years providing consultancy services to investors in wind farms.

Paul specialises in the development of wind resource assessment techniques and has grown the wind resource assessment and energy yield business stream within Wind Prospect. His PhD research into the development of CFD modelling techniques for use in wind resource assessments is invaluable in this role.

Prior to working for Wind Prospect, Paul was a Senior Engineer at Prospect Flow Solutions Ltd and Frazer Nash Consultancy Ltd where he managed the design and analysis of projects for the Norwegian oil market and provided consultancy services to defence, nuclear, marine and renewable industries.

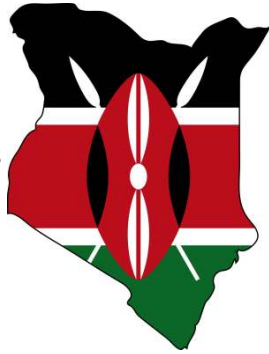


» News in brief

» Kenya & South Africa

Investors choose Kenya and South Africa

When considering project financing or prospective acquisitions and sales of projects and portfolios, especially in a new market, lenders and equity investors require detailed technical due diligence to identify and mitigate project risks. This involves a completely independent rigorous evaluation of contracts, wind resource and technical project risks, as well as a review of the associated market risk.



Wind Prospect has been acting on behalf of two international investors contemplating equity investments in Kenya following the 2008 Feed-in-Tariff announcement. In South Africa we are working closely with the leading project finance banks providing wind resource and technical due diligence advice to clients. These clients benefit from our local presence and our global knowledge-base in order to fully appreciate the project and associated market risks, and provide possible mitigation strategies.

» SODAR

Alternatives to met masts

Remote sensing devices such as SODAR and LIDAR are playing an increasing role in the assessment of wind resource. They use sound and lasers together with complex calculations based on Doppler shift to measure wind



parameters at heights greater than conventional met masts. Remote sensing devices are typically capable of measuring the wind at heights equivalent to the full swept area of modern wind turbine rotors.

These devices are not yet a bankable alternative to met masts, however they can add value to a development as early stage assessment devices - typically they do not require planning permission which can reduce development time frames where for example a 'Basic Assessment', as in South Africa, is required. They can also help to reduce uncertainties with wind shear and modelling on sites with existing met masts.

Wind Prospect are using the portable Triton Sodar system to measure wind resource on projects around the world. Triton's are ideal for remote locations in Africa as their power needs can be met by a few solar panels.

» Suppliers

More choices for turbine supply

For a prospective wind farm developer closing a contract with a wind turbine supplier is an important issue.

How do developers decide which manufacturer to select, and once selected how do they get the best deal in the negotiations? In order to secure project finance you will need:

Bankable turbines

- Operational history of turbines
- Testing and certification

Bankable turbine contracts

- EPC vs. multi-contracting
- Genuine power curve and availability warranties
- Local maintenance base
- Allocation of risks



Bankable turbine suppliers

- Ability to pay potentially significant liquidated damages and underwrite warranties

With Vestas being the only manufacturer with operating projects in Kenya and having supplied the newly constructed World Cup turbine in South Africa they would appear to be the obvious choice. However, many of the major turbine suppliers are looking at the African market, including the newer Chinese and Korean manufacturers, some of whom also bring much needed finance to projects.

Wind Prospect has negotiated turbine supply with most major manufacturers and we are using our experience in procurement to help developers select suppliers and negotiate contracts.

» Wind Resource

Supervising mast installations for greater project value

Inaccurate or incomplete wind data as a result of poor configuration, equipment failure or poor data handling can have serious results for the finances of a project. The greater the uncertainties associated with the data, the higher the risks for both debt and equity providers and the greater the reduction in project value.

To limit risk we are working with developers in South Africa and Kenya supervising mast installations to ensure they are performed to IEC and IEA guidelines. We are also currently providing data management services on sites across South Africa.



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