

MINISTRY PAPER No. _____

**PERFORMANCE OF WIGTON WINDFARM LIMITED FOR FINANCIAL YEAR
2005/2006 AND FOCUS FOR FINANCIAL YEAR 2006/2007**

1.0 Purpose of Ministry Paper

The purpose of this Ministry Paper is to inform Parliament and the public about the performance of the Wigton Windfarm for the Financial Year 2005/2006 and its strategic focus for Financial Year 2006/2007.

2.0 Mission

The mission of Wigton Windfarm Limited (WWF) is to provide and/or facilitate increased wind power and other renewable energy to generate electricity thereby diversifying Jamaica's energy mix.

3.0 Vision

The vision of WWF is to be a catalyst for increased usage of wind power and other renewable energies to provide electricity to Jamaicans. The vision will be achieved by:

- Providing additional wind power to the JPSCo grid (at least 60MW over the next 5 years)
- Promoting and facilitating private sector involvement/investment in wind power as a source of energy
- Participating jointly with other agencies of Government to facilitate the usage of renewable energy in remote areas for installation of grid electrical systems
- Negotiating with international financing agencies, Government and Non-Governmental Organizations (NGO's) to finance/part-finance the acquisition of renewable energy equipment for use in Jamaica
- Facilitating the transfer of renewable energy technology to Jamaicans thereby developing local expertise and experience regarding renewable energy projects
- Implementing provisions of the Jamaica Energy Sector Policy
- Diversifying Jamaica's energy mix
- Meeting the company's financial objectives
- Having proactive leadership that strives to implement assigned policies as well as capitalize promptly on opportunities that are beneficial to the nation and company
- Having highly motivated, excellence-oriented employees

4.0 Background

Wigton Windfarm Limited, a wholly owned subsidiary of The Petroleum Corporation of Jamaica (PCJ), was incorporated on April 12, 2000, under the Companies Act as a Limited Company. The company owns and operates a 20.7 MW renewable energy power plant in Manchester, 12 km South South West of the parish capital Mandeville.

Wigton Windfarm (WWF) consists of twenty-three (23) wind turbines of rated power 900 kW each, located along two (2) ridges. The turbines were supplied by NEG Micon, now merged with Vestas Wind Systems A/S and the project was developed by Renewable Energy Systems, a British company with over twenty (20) years of experience in the wind farm industry.

Wigton Windfarm Limited obtained its power generating licence from the Office of Utilities Regulation (OUR) and signed a Power Purchase Agreement with the Jamaica Public Service Company (JPSCo.) agreeing to sell all the electricity generated by the wind farm to the JPSCo. at fixed prices of US 5.6 cents/kWh for years one (1) to five (5) and at US 5.051 cents/ kWh for years six (6) to twenty (20).

The wind farm was constructed and commissioned in seven (7) months well in advance of the targeted twelve (12) months.

4.1 Instrument of Establishment

WWF is a limited liability company incorporated under the Companies Act of Jamaica.

The core objective of WWF is to own, develop, construct, and operate windfarms and similar renewable energy systems to harness energy for commercial production of electricity for sale to all categories of customers.

5.0 Functions

- Manage and operate the 20.7 MW wind farm at Wigton, Manchester
- Supply wind power to the local grid at the most competitive rate
- Identify wind-potential sites in Jamaica.
- Analyze wind data and ascertain the most feasible sites for expansion of wind power as a source of energy for Jamaica.
- Negotiate the sale of carbon credits realized from operating a clean development mechanism.

6.0 Key Achievements for Financial Year 2005/2006

a. Diversification of Jamaica's energy mix:

Wind now represents approximately 2.6% of Jamaica's energy mix with total renewables (wind together with hydro) representing approximately 5.3%

b. Environmental Benefits:

Wigton wind farm is a Clean Development Mechanism project and based on actual production between April 2005 and March 2006 the emission of approximately 42,883.52 tonnes of carbon dioxide (CO₂, a greenhouse gas) into the atmosphere has been avoided.

c. Technology Transfer:

Local technicians (university graduates) trained in the field of wind energy and sub station operations.

d. Expansion

Wigton Windfarm Limited is currently finalizing preliminary studies for the expansion of the current wind park

e. Carbon Credits

Carbon credits are awarded based on reduction of greenhouse gas emissions from emission sources that are recognized as approved projects under the Kyoto Protocol. Six (6) types of greenhouse gases are identified as possible contributors to global warming. They are:

- Carbon Dioxide
- Methane
- Nitrous Oxide
- Perfluorocarbons
- Hydrofluorocarbons
- Sulphur Hexafluoride

Carbon Dioxide is the most prevalent greenhouse gas and is used as a reference or base for measuring the global warming contribution of the other gases. For measuring emissions or emission reductions of greenhouse gases, the unit of measurement is one tonne of carbon, or in comparing the contribution of the other gases to that of carbon dioxide, one tonne of Carbon Dioxide equivalent.

Wigton Windfarm Limited has successfully negotiated the sale of carbon credits as a result of the operation of the wind farm, which is a Clean Development Mechanism project. The terms of the contract include a nine (9) year tenor and a price of euro 5.5 per tonne of carbon dioxide.

7.0 Summary of Operational Plan for Financial Year 2006/2007

- Commence work to expand installed capacity output at the current wind farm site.
- Increase revenue through greater output from wind farm.
- Negotiate the sale of additional carbon credits to be derived from the operation of an expanded wind farm.
- Execute financing arrangements with private sector entities for expansion of the current site.

8.0 Expenditure Profile for Financial Year 2005/2006

Purpose	Actual Ja\$'000	Budgeted Ja\$'000
General Administrative Expenses: Inclusive of utilities, staffing, taxes, insurance, stationery, maintenance, professional fees, project management, business charges, community outreach, board expenses and depreciation	147,630	156,720
Project Expenses: Including contracted services and purchases, research, seminars, feasibility studies, regulatory fees, finance charges and promotions.	41,931	41,504
Total	189,561	198,224

8.1 Budgetary Proposal for Financial Year 2006/2007

Purpose	Budgeted Ja\$'000
General Administrative Expenses: Inclusive of utilities, staffing, taxes, insurance, stationery, maintenance, professional fees, project management, business charges, community outreach, board expenses and depreciation	160,862
Project Expenses: Including contracted services and purchases, research, seminars, feasibility studies, regulatory fees, finance charges and promotions.	43,804
Total	204,726

Phillip Paulwell
Minister
Ministry of Industry, Technology, Energy and Commerce
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