

MINISTRY PAPER No.: _____

**PERFORMANCE OF WIGTON WINDFARM LIMITED FOR FINANCIAL YEAR
2006/2007 AND FOCUS FOR FINANCIAL YEAR 2007/2008**

1.0 Purpose of Ministry Paper

The purpose of this Ministry Paper is to inform Parliament and the public about the performance of Wigton Windfarm Ltd. (WWF) for Financial Year 2006/2007 and its focus for Financial Year 2007/2008.

2.0 Mission

The mission of Wigton Windfarm Limited (WWF) is to provide and or facilitate increased wind power and other renewable energy usage 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. The vision will be achieved by:

- Diversifying Jamaica's energy mix
- 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
- Providing additional wind power to the JPSCo grid (at least 60 MW over the next five (5) years)
- Facilitating the transfer of renewable energy technologies to Jamaicans thereby developing local expertise and experience with renewable projects
- Implementing provisions of the Jamaica Energy Sector Policy
- Meeting the company's financial objectives

4.0 Background

WWF, a wholly owned subsidiary of the Petroleum Corporation of Jamaica (PCJ), was incorporated on April 12, 2000, under the Companies Act as a limited liability company. The company owns and operates a 20.7 MW wind powered electricity plant in Manchester, twelve (12) km south-south-west of the parish capital, Mandeville.

WWF consists of twenty-three (23) wind turbines of rated power nine hundred (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.

WWF 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 JPSCo at fixed prices of 5.6 US cents/kWh for years one (1) through five (5) and at 5.051 US cents/ kWh for years six (6) through twenty (20) of its operation.

The wind farm was commissioned in April 2004 and has been operating successfully with minimum interruption due only to hurricane threat and planned maintenance.

4.1 Instrument of Establishment

WWF is a limited liability company incorporated under the Companies Act of Jamaica. The objectives of WWF are to own, develop, construct, and operate windfarms and similar renewable energy systems to harness on a commercial basis, energy that generates electricity for sale to customers of all types.

5.0 Functions

The functions of the company are to:

- 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 2006/2007

(a) Diversification of Jamaica's energy mix

Wind represents approximately 2.5% of Jamaica's energy mix with renewable energy (wind and hydro) representing approximately five percent (5%).

(b) Environmental Benefits

WWF is a clean development mechanism and based on actual production between April 2006 and January 2007, the emission of approximately 39,792 tonnes of carbon dioxide (CO₂, a greenhouse gas) have been avoided. Since commencement to January 2007, 19,499 tonnes of CO₂ emissions have been avoided, thus 84,285 barrels of oil import have also been avoided, which translates to savings of US\$ 4,214,263¹ on the nation's oil import bill.

(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 the preliminary studies for the expansion of the current wind park.

(e) Carbon Credits

Based on an executed Emission Reduction Purchasing Agreement (ERPA) between WWF and the Kingdom of the Netherlands, Wigton Windfarm Limited has successfully sold carbon credits realized from the operation of the plant between April 29, 2004 and April 28, 2006. The term of the contract is nine (9) years at a price of euro 5.5 per tonne of carbon dioxide.

(f) Small Hydroelectric Plants (SHP's)

WWF and the German technical agency, GTZ, are currently concluding studies on sections of Laughlands Great River for the possible implementation of a 2MW small hydroelectric plant. Subject to the finalization of an environmental impact assessment study and other issues the estimated cost will be updated and the timeframe established for the project.

¹ Using US\$ 50 per barrel of oil

(g) Wind Atlas

Wigton Windfarm Limited has successfully procured a wind atlas of Jamaica. This atlas can be used to ascertain wind speeds at three (3) different heights, and different contours, coordinates, etc. across the island and will help in the development work regarding wind energy.

(h) Small Solar Project

WWF has successfully installed a small 6kW solar project in Portland and the beneficiary is to repay the project cost from savings realized in their monthly electricity bills. This is an experimental project.

(i) Research Collaboration

WWF has facilitated a joint venture research collaboration effort between the University of the West Indies (UWI) and the University of Waterloo (in Canada), a leading renewable energy/fuel cell research facility. Grant funding is being pursued for this effort.

7.0 Summary of Operational Plan for Financial Year 2007/2008

- Commence work to expand installed capacity output at the current wind farm site
- Increase revenue from greater output from wind farm
- Successfully negotiate sale of carbon credits to be derived from the operation of an expanded wind farm
- Successfully execute financing arrangements with private sector entities for expansion of the current site
- Successfully conclude the project timeline, cost, etc. for the development of a small hydroelectric plant in St. Ann.

8.0 Financial Performance for the Financial Year 2006/2007

Purpose	Actual J\$'000	Budgeted J\$'000
General Administrative Expenses: Inclusive of utilities, staffing, taxes, insurance, stationery, maintenance, professional fees, project management, business charges, community outreach, board expenses and depreciation	164,502	157,468
Project Expenses: Including contracted services and purchases, research, seminars, feasibility studies, regulatory fees, finance charges and promotions.	<u>32,713</u>	<u>36,448</u>
Total	197,215	193,916

8.1 Budgetary Proposal for Financial Year 2007/2008

Purpose	Budgeted J\$'000
General Administrative Expenses: Inclusive of utilities, staffing, taxes, insurance, stationery, maintenance, professional fees, project management, business charges, community outreach, board expenses and depreciation	175,613
Project Expenses: Including contracted services and purchases, research, seminars, feasibility studies, regulatory fees, finance charges and promotions.	<u>32,440</u>
Total	208,053

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