NERSA Public Hearing
InnoWind / IDC Round 2 Projects

August 2012, Port Elizabeth

Presented by: Kevin Minkoff, InnoWind.
AGENDA

I. Consortium Overview
   - Company background
   - Technology choice
   - Consortium structure

II. Grassridge Wind Energy Project
   - Site selection
   - Connection
   - Permitting
   - Economic Development / Socio-Economic Development

III. Waainek Wind Energy Project
   - Site selection
   - Connection
   - Permitting
   - Economic Development / Socio-Economic Development

IV. Chaba Wind Energy Project
   - Site selection
   - Connection
   - Permitting
   - Economic Development / Socio-Economic Development
Consortium overview

- **Experienced Operator**
  - Headquartered in Port Elizabeth, InnoWind (Pty) Ltd is owned by Electricité de France Energies Nouvelles (EDF EN), owning over **4000 MW** of wind powered generating capacity in 13 countries.

- **Bidding Consortium**
  - InnoWind/EDF has partnered with the **Industrial Development Corporation** to develop, finance, construct, own and operate wind farms in South Africa for the lifetime of each project.

- **Community-ownership Model**
  - All projects structured following a **local community-ownership** model where communities in the vicinity of each project own significant equity in each project through the lifetime of the projects with dividends flowing towards community development initiatives.

- **Round 2 Bidding Success**
  - In Round 2 of the DOE’s Renewable Energy Independent Power Producer Procurement program (or REIPPPP) the InnoWind/IDC Consortium were adjudicated **3 projects** (totalling **105 MW**) out of the 7 awarded nation-wide.
An experienced operator

PRESENCE OUTSIDE SOUTH AFRICA

13 countries ~ 2 200 employees

North America

Europe

AN INTEGRATED OPERATOR
Present on all the renewable value chain

AMONGST WORLD LEADERS

- 4,125 MW in operation
- 1,782 MW in construction*

MW gross all segments combined

* Including DSSA activity
Vestas – the leading wind turbine manufacturer - was selected under a turnkey EPC contract for all 3 projects.

Selected turbine model is the 3 MW V-112:
- 84m hub height
- 112 metre rotor diameter
- 3.075 MW rated capacity output

Awarded “Most Innovative Power Technology of the Year” in 2010 Asian Power Awards.

Cutting-edge wind technology complies with most stringent manufacturing and grid code regulations worldwide.
Consortium structure

InnoWind
60% Equity

EDF IG
Debt

BBBEE Co
(100% Community Trust owned)
26% Equity

Wind Project Company

IDC
14% Equity

IDC

Debt
Grassridge Wind Energy Project

60 MW Round-2 Preferred Bidder
Project overview

- **Capacity**
  - 60 MW project (3 MW x 20 turbine units)

- **Location**
  - Nelson Mandela Bay, along Addo Road, approx. 12km north of Motherwell

- **Land**
  - Owned by PPC (Pretoria Portland Cement) and used for limestone mining activities

- **Connection**
  - Eskom Grassridge MTS substation via dedicated 132kV power line and on-site new substation

- **Implementation Programme**
  - Construction start Q2 2013
  - Commissioning start (first unit) Q2 2014
  - Commercial Operations start Q4 2014 for 20 years
## Permitting

<table>
<thead>
<tr>
<th>Permit</th>
<th>Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Authorisation</td>
<td>August 2011</td>
<td>No objections received</td>
</tr>
<tr>
<td>CAA Clearance</td>
<td>February 2012</td>
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<tr>
<td>Rezoning</td>
<td>Feb 2012</td>
<td>LUPO application submitted to NMBM</td>
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<td>Department of Agriculture</td>
<td>Feb 2012</td>
<td>SALA application submitted</td>
</tr>
<tr>
<td>SAWS Clearance</td>
<td>June 2012</td>
<td>-</td>
</tr>
<tr>
<td>DWA Water Use Licenses</td>
<td>Feb 2012</td>
<td>Submitted</td>
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<tr>
<td>NERSA Generation license</td>
<td>July 2012</td>
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</tbody>
</table>

### To Execute

- PPA (Eskom)
- Distribution Agreement (Eskom Tx)
- Direct Agreement (DOE)
- Generation Licence (NERSA)
26% of project construction equity reserved for the Grassridge Winds of Change Community Trust at zero cost of participation for the Trust and fully funded by IDC:

- This represents in excess of ZAR 20 million/annum (post debt repayment period) in dividends flow to be utilised by the community development Trust.
- Benefitting communities within Motherwell

Community Needs Assessment studies were undertaken, and still on-going, with the local communities in order to ensure effective and relevant application of Trust funds:

- Enterprise Development, Health and Education came out as priority needs and shall be given special attention by the Trust.

With our EPC Contractor (VESTAS) commitments were made in our Round-2 bid to meet and largely exceed all minimum imposed ED thresholds set-out by the Department of Energy in the 7 ED elements of Job creation, Local Content, Ownership, Management Control, Preferential Procurement, Enterprise and Socio-Economic Development.
## Socio-Economic Development and Local Content

**EDC Element Obligations**

<table>
<thead>
<tr>
<th>No.</th>
<th>Group</th>
<th>Description</th>
<th>Measurement</th>
<th>Threshold</th>
<th>Target</th>
<th>Bidder’s Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Job creation</td>
<td>100-SR-01 RSA-Based Employees who are Citizens</td>
<td>Number of Citizens employed *100 / Number of RSA Based Employees</td>
<td>50.0%</td>
<td>80.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>100-SR-02 RSA-Based Employees who are Black Citizens</td>
<td>Number of Black Citizens employed *100 / Number of RSA Based Employees</td>
<td>30.0%</td>
<td>50.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>100-SR-03 Skilled Employees who are Black Citizens</td>
<td>Number of Skilled Black Citizens employed *100 / Skilled Employees</td>
<td>18.0%</td>
<td>30.0%</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>100-SR-04 RSA-Based Employees that are Citizens from Local Communities</td>
<td>Number of Citizens from Local Communities employed *100 / Number of RSA Based Employees</td>
<td>12.0%</td>
<td>20.0%</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Local Content</td>
<td>200-SR-01 Value of Local Content Spend</td>
<td>Value of Local Content Spend / Total Project Value</td>
<td>25.0%</td>
<td>45.0%</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Ownership</td>
<td>300-PC-01 Shareholding by Black People in the Project Company</td>
<td>Shareholding by Black people / Total Shareholding</td>
<td>12.0%</td>
<td>30.0%</td>
<td>8.0%  20.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>300-CC-01 Shareholding by Black People in the Contractor responsible for Construction</td>
<td></td>
<td>8.0%</td>
<td>20.0%</td>
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<tr>
<td></td>
<td></td>
<td>300-OM-01 Shareholding by Black People in the Operations Contractor</td>
<td></td>
<td>8.0%</td>
<td>20.0%</td>
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<tr>
<td></td>
<td></td>
<td>300-PC-02 Shareholding by Local Communities in the Project Company</td>
<td>Shareholding by Local Communities / Total Shareholding</td>
<td>2.5%</td>
<td>5.0%</td>
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<tr>
<td>4.</td>
<td>Management control</td>
<td>400-SR-01 Black Top Management</td>
<td>Number of Black People in Top Management using the Adjusted Recognition of Gender *100 / Number of People in Top Management</td>
<td>40.0%</td>
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<tr>
<td>5.</td>
<td>Preferential Procurement</td>
<td>500-SR-01 BBBEE Procurement Spend</td>
<td>Amount of Procurement Spend on BBBEE Contributors recognised in terms of BBBEE Recognition Levels * 100 / Total amount of Procurement Spend</td>
<td></td>
<td>60.0%</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>500-SR-02 QSEs and EMEs Procurement</td>
<td>Amount of Procurement Spend on QSEs and EMEs * 100 / Total amount of Procurement Spend</td>
<td></td>
<td>10.0%</td>
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<tr>
<td></td>
<td></td>
<td>500-SR-03 Women Owned Vendors Procurement</td>
<td>Amount of Procurement Spend on Women Owned Vendors * 100 / Total amount of Procurement Spend</td>
<td></td>
<td>5.0%</td>
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<tr>
<td>6.</td>
<td>Enterprise Development</td>
<td>600-SR-01 Enterprise Development Contributions</td>
<td>Enterprise Development Contributions * 100 / Revenue</td>
<td></td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>600-SR-02 Adjusted Enterprise Development Contributions</td>
<td>Adjusted Enterprise Development Contributions * 100 / Revenue</td>
<td></td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Socio-Economic Development</td>
<td>700-SR-01 Socio-Economic Development Contributions</td>
<td>Socio-Economic Development Contributions * 100 / Revenue</td>
<td></td>
<td>1.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>700-SR-02 Adjusted Socio-Economic Development Contributions</td>
<td>Adjusted Socio-Economic Development Contributions * 100 / Revenue</td>
<td></td>
<td>1.0%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>
Waainek Wind Energy Project

24 MW Round-2 Preferred Bidder
Project Overview

- **Capacity**
  - 24 MW project – 8 wind turbine units

- **Location**
  - Makana Municipality, approx. 6km South-West of Grahamstown, along the Highlands Road, in an area known as “Waainek” (Afrikaans for ‘windy corner’)

- **Land**
  - 3 private landowners
  - Land currently used for grazing. Thin topsoil prevents any form of intensive agriculture

- **Connection**
  - Makana’s municipal Waainek substation via dedicated 33kV cables

- **Implementation programme**
  - Construction to start Q2 2013
  - Commissioning of first turbines expected Q3 2014
  - Commercial Operations start Q4 2014 for 20 years
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Environmental Authorisation</td>
<td>March 2011</td>
<td>appealed, appeal overturned by Minister of Environment in March 2012</td>
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<tr>
<td>CAA Clearance</td>
<td>February 2012</td>
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<tr>
<td>Rezoning</td>
<td>July 2012</td>
<td>LUPO approved by Municipality</td>
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<td>Department of Agriculture</td>
<td>May 2012</td>
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<td>SAWS Clearance</td>
<td>June 2012</td>
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| **To Execute**                | February 2013 | -  
|                               |          |  ▪️ PPA (Eskom)                      
|                               |          |  ▪️ Distribution Agreement (Eskom Tx)                                 |
|                               |          |  ▪️ Direct Agreement (DOE)                                             |
|                               |          |  ▪️ Generation Licence (NERSA)                                         |
26% of project construction equity reserved for the Makana Winds of Change Community Trust at zero cost of participation for the Trust and fully funded by IDC:

- This represents in excess of ZAR 12 million/annum (post debt repayment period) in dividends flow to be utilised by the community development Trust.
- Benefitting communities around Grahamstown

Community Needs Assessment studies were undertaken, and still on-going, with the local communities in order to ensure effective and relevant application of Trust funds:

- Education came out as priority needs and shall be given special attention by the Trust.

With our EPC Contractor (VESTAS) commitments were made in our Round-2 bid to meet and largely exceed all minimum imposed ED thresholds set-out by the Department of Energy in the 7 ED elements of Job creation, Local Content, Ownership, Management Control, Preferential Procurement, Enterprise and Socio-Economic Development.
Chaba Wind Energy Project

21 MW Round-2 Preferred Bidder
Project Overview

- **Capacity**
  - 21 MW project – 7 wind turbine units

- **Location**
  - Great Kei Municipality, approx. 6km East of Komga, along the N2 50km North of East London

- **Land**
  - 1 single landowner
  - Land currently used for grazing

- **Connection**
  - Eskom’s Chaba substation via dedicated 22kV cables

- **Implementation programme**
  - Construction to start Q3 2013
  - Commissioning of first turbines expected Q3 2014
  - Commercial Operations start Q4 2014 for 20 years
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<td>November 2011</td>
<td>No objections</td>
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<tr>
<td>CAA Clearance</td>
<td>September 2011</td>
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<td>July 2012</td>
<td>LUPO approved through DFA procedure</td>
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<tr>
<td>Department of Agriculture</td>
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26% of project construction equity reserved for the Chaba Winds of Change Community Trust at zero cost of participation for the Trust and fully funded by IDC:

- This represents in excess of ZAR 6 million/annum (post debt repayment period) in dividends flow to be utilised by the community development Trust.
- Benefitting communities in and around Komga

Community Needs Assessment studies were undertaken, and still on-going, with the local communities in order to ensure effective and relevant application of Trust funds.

With our EPC Contractor (VESTAS) commitments were made in our Round-2 bid to meet and largely exceed all minimum imposed ED thresholds set-out by the Department of Energy in the 7 ED elements of Job creation, Local Content, Ownership, Management Control, Preferential Procurement, Enterprise and Socio-Economic Development.
Thank you

Questions...?