

South Africa Mainstream Renewable Power Perdekraal East Pty Ltd

PUBLIC HEARINGS ON THE APPLICATIONS FOR THE RENEWABLE ENERGY POWER PLANTS
LICENCE APPLICATIONS

9th September 2015

Premier Hotel, Cape Town Manor, Cape Town, Western Cape



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Presentation Outline

- Project Background and Introduction
- Company Introduction
- Economic Development
- Technical Information
- Value for Money
- Milestones and Scheduled COD

Project Background and Information



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Project Background

- 110MW Onshore Wind Project located in Western Cape Cape, 30km north of Touwsrivier;
- Land: 2 land parcels for Project Site, engaged since 2009;
- Wind measurement campaign since 2012;
- Environmental Authorisation received December 2012;
- Bid in August 2014 in Bid Window 4;
- Awarded Preferred Bidder June 2015;



Project Progress and Feasibility Studies

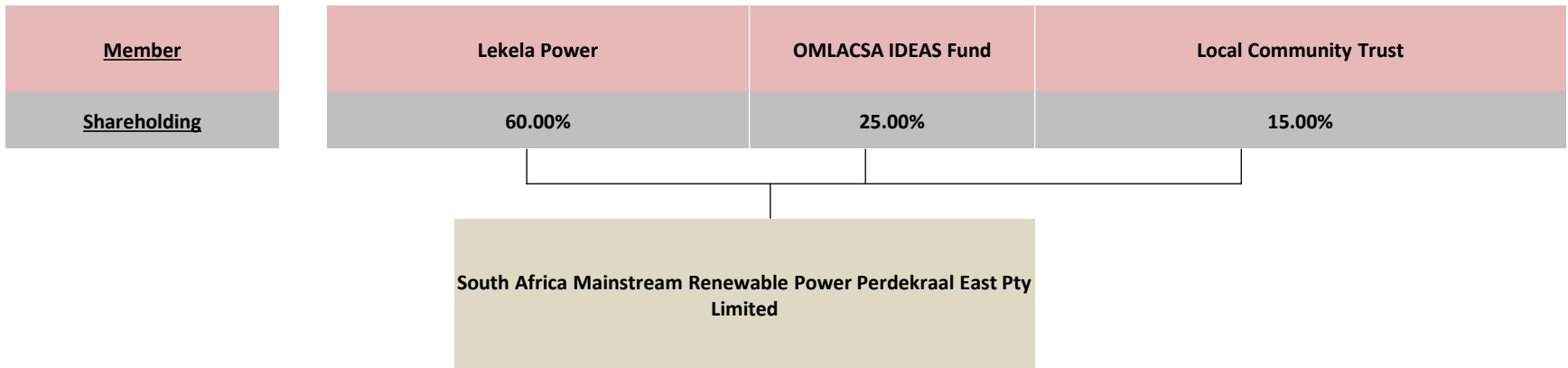
Work Streams	Work Required
Consents	EA Conditions/EMP/CAA/WULA etc
Land Agreements	Execute Land Leases and register
Preconstruction Engineering	Geotech, Lidar, Hydrological studies, Transport Studies, Grid Studies
Grid Connection	TEF, Budget Quotations, Self-Build Agreements
Construction Contracts	TSA/BOP
Operations Contracts	LTSP/BOP O&M
Due Diligence	Legal/Technical/Insurance/Financial Model Audit
Finance Documents	Facility Agreement/Security Documents/Etc
Corporate Documents	Finalise SPV incorporation, Equity and security documents
Government Documents	PPA/IA/DA
NERSA Generation License	Application, Public Presentation

Company Introduction



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Project Company Structure



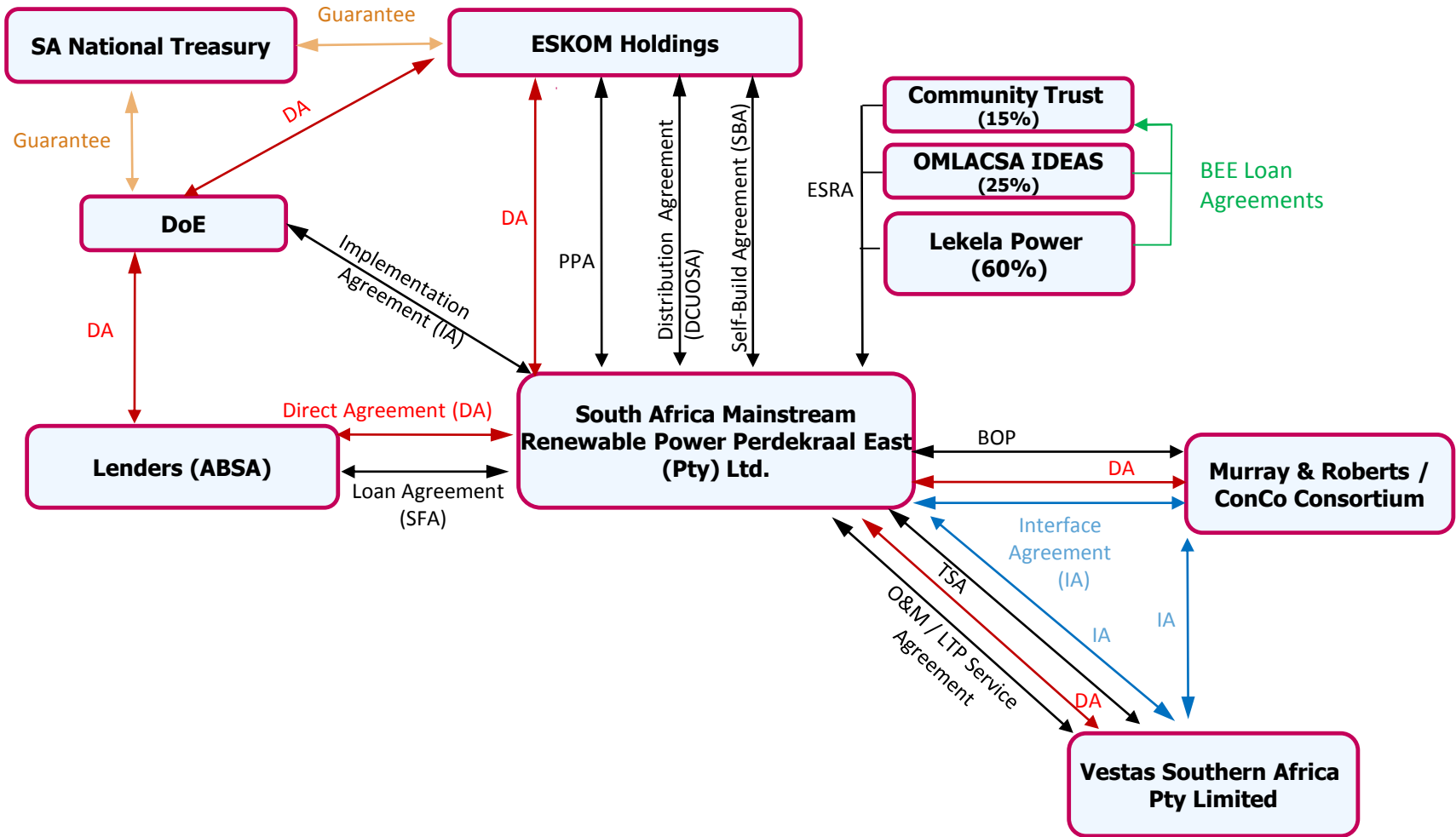
Experience in Power Generation

- **Lekela Power** is a pan-African renewable energy generation business formed in 2014 as a joint venture between Mainstream Renewable Power and Actis.
- **Mainstream Renewable Power Ltd** (“Mainstream”) is a leading global developer of solar and wind projects, notably in the UK, South Africa, Ghana, Chile, US and Canada. Mainstream has secured 850MW of PPAs under REIPPP. 240MW in operation; 360MW in construction and 250MW closing.
- **Actis** is a leading emerging market private equity investor in power projects in Africa, Central America and South America with a strong track record of developing, scaling and operating regional energy platforms.
- **Old Mutual Life Assurance Company (South Africa) Limited** (“OMLACSA”) is a life assurance, savings and retirement funding business that underwrites life insurance risks associated with death and disability. It will own a 25% equity stake in the Bidder at Financial Close. It also issues a diversified portfolio of investments to provide its customers with asset management services. The Infrastructure, Development & Environmental Assets Fund (“IDEAS”) is one of these policy based, pooled portfolios which invests in infrastructural and developmental assets aimed at financing projects that make a significant contribution to economic growth and empowerment in South Africa.
- **The Perdekraal East Renewable Energy Community Trust** (“the Trust”) will hold Local Community ownership of the Project with an equity stake of 15%. Beneficiaries of the Trust will be South Africans within 50 kilometers of the project site and 100% of the beneficiaries will be Black.

Local Community Trust

- A local community Trust will hold a 15% stake in the Project. The beneficiaries will be Black People from the local community.
- The Trust is in the process of being registered with the Master of the High Court;
- Trustees of the Community Trust will be appointed with requirements of the B-BBEE Codes. There will be at least 4 Trustees, managed by independent chairperson who is an expert in the process in South Africa.
- 4 trustees will be appointed: 50% Independent; 50% Black People; 25% Black Woman; 75% not connected to other Trustees
- The beneficiaries (individuals or organisations) will be selected if principal objective is Public Benefit Activity and / or aligns with objective, purpose and vision of the trust.
- The Project Company is in the process of recruiting an experienced Economic Development expert to assist with the community liaison process and formation of the Trust.
- For the projects awarded preferred bidder status in Bid Window 3, Mainstream worked with the Development Bank of Southern Africa to create a suitable governance framework for the management of the Trust.
- Mainstream hopes to leverage this experience into this project.

Project Structure



Economic Development



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Socio-Economic Development

- Prior to Bid Submission, an independent Economic Development consultant was contracted to develop a unique tailored SED Investment strategy for each project;
- SED forms part of the core of Mainstream's development philosophy - the Project will employ an ED manager to manage engagement, reporting and monitoring of ED commitments made over the life span of the Project;
- Phase 1 of the SED program will seek to meet some of the immediate needs of the community, while creating a base on which to conduct future interventions. Phase 2 will then build on this base and add socio-economic value to the community on a self-sustaining basis.
- Annex 11 of the IA, Form of ED Plan, is currently being drafted to deliver on all of our bid commitments;

*Addressing
critical needs*

Adding socio-economic value



Enterprise Development

- Each Project has already engaged with local organisations as part of Development; the appointed Enterprise Development Officer for each Project will engage with local community departments as well as specific enterprises.
- Annex 11 of the IA, Form of ED Plan, is currently being drafted to deliver on all of the bid commitments.
- The Project Company will soon engage with existing Qualifying Enterprises (including Construction, Security, Agricultural and Recruitment businesses) as well as new entities (including Black owned agricultural co-ops).



Economic Development in Figures

Criteria	Amounts
Socio-Economic Development	~341 ZARm
Enterprise Development	~24 ZARm
Community Trust Equity Dividends	~249 ZARm
Employees During Construction	~550
Employees During Operations	~107
BEE Equity Shareholding	17.78%
Local Community Shareholding	15.00%

Technical Information



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Technical Information

Wind Turbine

- Planned Installed Capacity 110MW (installed);
- Preferred wind turbine Vestas V110 2MW, 55 WTG;
- Net Capacity Factor, 38 – 40%;
- Targeted Plant Availability 96.5%;
- Long Term Service Programme with OEM

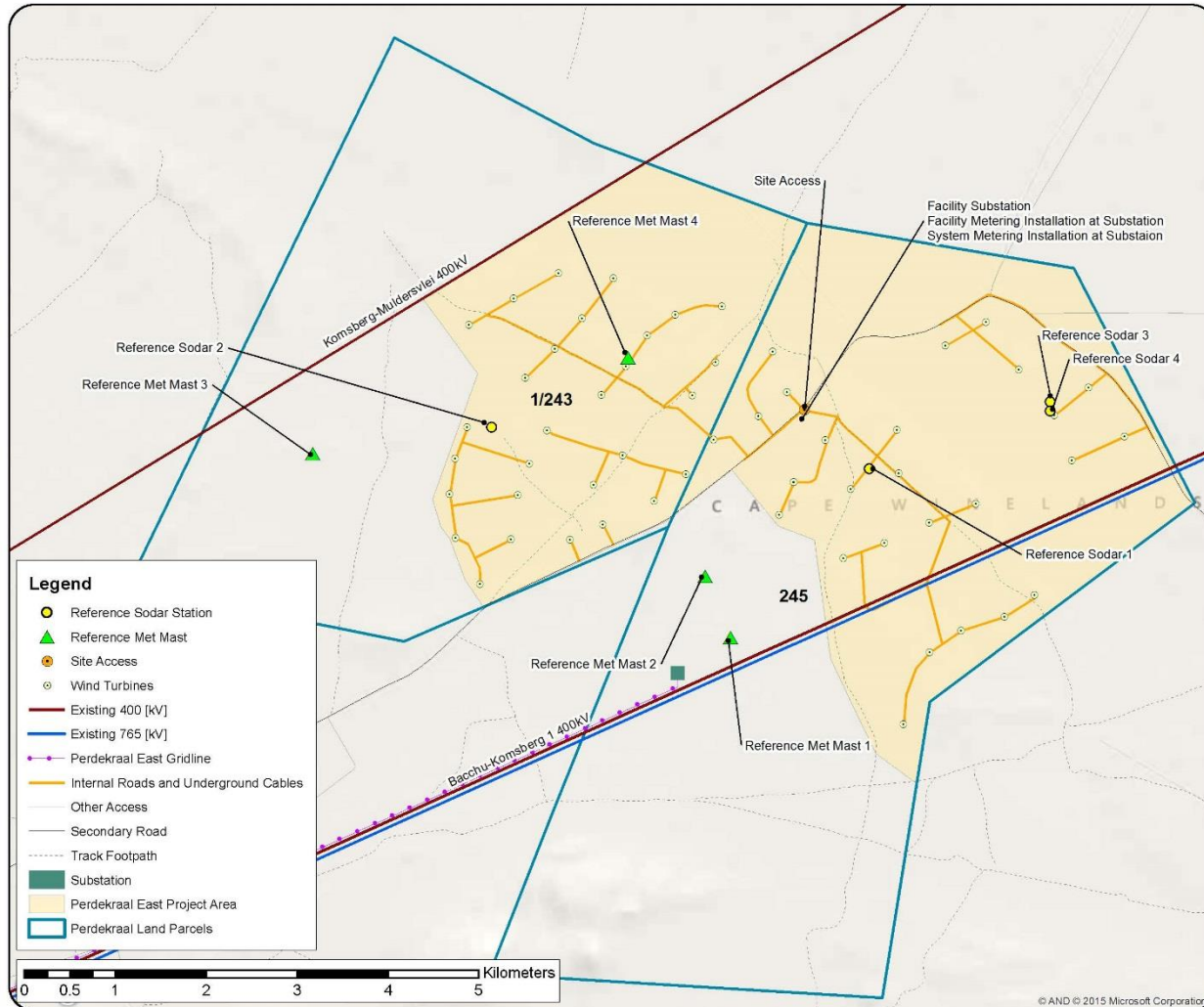
Energy Analysis

- 1st 80m mast measurements: March 2012; 2nd 83.5m mast measurements: February 2014
- IEC 61400-12-1 First Class, MEASNET calibrated anemometers, in parallel, on all met masts.
- Mean wind speed at 110m is 7.0 m/s

Grid Connection

- 7km 132kV grid line to Kappa 400kV MTS;
- Sponsors have had ongoing communication with Eskom and have applied for Budget Quotation (expected Dec 2015); Technical Evaluation Forums arranged for October 2015;
- Interconnection works will be on a Self-Build basis.

Technical Information



Legend

- Reference Sodar Station
- ▲ Reference Met Mast
- ⊙ Site Access
- ⊙ Wind Turbines
- Existing 400 [kV]
- Existing 765 [kV]
- Perdekraal East Gridline
- Internal Roads and Underground Cables
- Other Access
- Secondary Road
- Track Footpath
- Substation
- Perdekraal East Project Area
- Perdekraal Land Parcels

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Site Coordinates:

X-Coordinate: 20 1002
 Y-Coordinate: 33 0544

Map Orientation:

N
 W — E
 S

SITE LOCALITY:

NORTHERN CAPE BLOEMFONTEIN
 SOUTH AFRICA
 WESTERN CAPE
 Cape Town

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Revision:
 None

Scale of A3: 1:40,000
Reference: WGS84 UTM ZONE 34S
Checked By: DAVID DEAN
Tracked by: SHELDON WANDREY
Date: 21 AUGUST 2015

Project:
Perdekraal East Wind Farm

Map Title:
Land Parcel Map

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Value for Money



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Value for Money

- **Price:** The Project has achieved considerable tariff reductions from previous bid windows despite a weaker Rand and increased interest rates. The Bidder believes this tariff reduction is in the best interest of the South African electricity consumer;
- **Economic development:** The Bidder identifies itself with the growth and transformation of the South African economy and fully supports the Economic Development objectives of the Department of Energy;
- **Site Selection:** The Project site is host to some of the best wind conditions in the country;
- **Technology:** The Preferred turbine supplier has been selected on the most efficient machine for the wind conditions on this Project site and on the equipment supplier's track record. This ensures the lowest costs of energy without compromising quality and deliverability;
- **Quality:** The Project is structured and developed to deliver a high standard of quality. This includes an experienced developer that delivered 240MW of operational assets with a further 360MW in construction. In addition the contractors have been selected on track record and ability to deliver;
- **Quantity:** The Project boasts an installed capacity of 110MW. This is a large scale commercial project capable of generating over 380 GWh per annum on a P50 basis. As a result of the Project achieves economies of scale reducing the overall costs per Mega-Watt and consequently the price, and
- **Risk Transfer:** The Project structuring (including the associated construction contracts) ensures that inherent risks are allocated to and managed by the appropriate parties. Neither the Buyer, nor the Government, assumes any construction, operations or resource risk.

Milestones and Scheduled COD



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Project Life-Cycle

We are here

5 years

5-8 months

16 months

20 years

Development
& Bidding

Financial
Close

Construction

Operations

Milestones and Scheduled COD

Milestone	Target Date
EA	December 2012
Preferred Bidder Award	June 2015
EMP	Estimated Q4 2015
All other permits closed out	Estimated Q4 2015
Budget Quote	Estimated Q4 2015
Lenders/Equity DD complete	Estimated Q4 2015
Final Construction Contracts	Estimated Q4 2015
Final Operations Contracts	Estimated Q4 2015
Sign PPA/IA/DAs	TBD
FC / Construction Start	TBD
Scheduled COD	16 months after FC

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