



FAXED

NATIONAL POWER AUSTRALASIA INC.

ABN 15 058 890 921

FAX COVER SHEET

To:	Warren Murphy Babcock & Brown, Sydney	From:	Tim Flato National Power
Fax:	02 9231 5619		
To:	Miles George / Adrian Rizza Babcock & Brown, Melbourne	Fax:	02 9279 1674
Fax:	03 9629 8040	Phone:	02 9279 0755

Number of Pages (including cover): 5 Date: 31 July 2002

Message:

**Re: Development of Wind Industry in South Australia
 Terms of Memorandum of Understanding**

My comments are attached.

Regards,

Tim

Main Office:

329 Jefferson Street, Suite 200
Oakland, California 94607 USA
Phone (510) 625 7900
Fax (510) 625 7911

Sydney Office:

Level 9, 50 Margaret Street
Sydney, NSW 2000 Australia
Phone (02) 9279 0755
Fax (02) 9279 1674

DEVELOPMENT OF WIND INDUSTRY IN SOUTH AUSTRALIA

Terms of Memorandum of Understanding

PARTIES

- 1) The Government of South Australia ("Government")
- 2) Babcock & Brown Windpower Pty Ltd ("BBWP")
- 3) Vestas Wind Systems A/S ("Vestas")

PURPOSE

The purpose of this MOU is to set out the obligations of the Parties in order to develop a number of large scale wind farms and establish a manufacturing facility in South Australia.

Particularly, this is to involve the establishment of:

- 1) A number of wind farms in the south east of the state, with a total MW capacity of approximately 650MW; and
- 2) A blade manufacturing plant in the state.

ACKNOWLEDGEMENTS

The Parties acknowledge the following:

- The Government has a policy of promoting the development of wind farms and the establishment of a blade manufacturing plant in South Australia.
- Factors limiting the development of wind farms in the south east of South Australia include the high cost of foreign manufacture, the high cost of grid connection and the low (by world standards) level of government subsidy to promote renewable generation.
- A blade manufacturing plant will only be feasible if a turbine order of at least 400MW over five years is placed with a turbine manufacturer.
- BBWP currently has sufficient land rights to develop approximately 650MW of wind farms in the south east of South Australia.
- Financial assistance by the South Australian government is required in order to facilitate the development of the wind farms proposed by BBWP.

BABCOCK & BROWN WINDPOWER PTY LTD

BBWP is a developer of wind farms with a focus on developing wind farms in South Australia.

BBWP currently is in the process of developing a number of wind farms in the south east of South Australia, as follows:

Wind Farm	Approximate capacity (MW)
Lake Bonney Stage One	80.5
Lake Bonney Stage Two	122
Lake George	260
Mt Benson/Cape Jaffa	260
Total	662.5

\$1 billion.

These wind farms will have a total capital cost of in excess of ~~800 million~~ million. BBWP has a desire to maximise the South Australian content in the construction of the wind farms.

In developing these wind farm sites, BBWP has carried out the following:

- Acquired sufficient land rights.
- Acquired a comprehensive set of wind data for the south east.
- Received planning approval for Lake Bonney Stages One and Two.
- Received clearance from Environment Australia for Lake Bonney Stages One and Two.
- Negotiated a contract with Vestas to supply the wind turbines for Lake Bonney Stages One and Two.
- Undertaken geotechnical drilling carried out on turbine sites in Lake Bonney Stage One.
- Negotiated a connection agreement with Electranet for connection into the grid of Lake Bonney Stages One and Two.

These

BBWP is in a position to proceed with other aspects of the development of the wind farms.

The proposed wind farms are to be connected into two separate connection points as follows:

Wind Farm development	Substation	Approximate cost
Lake George and Mt Benson/Cape Jaffa	Black range or Snuggery	\$-million
Lake Bonney Stage One and Two	Snuggery	\$10.5 million

The cost of connection is the factor inhibiting the ability to construct the wind farms proposed.

is among other things, a significant

Vestas Wind Systems A/S

typeface

Vestas is the world's largest manufacturer of wind turbines, and is listed on the Copenhagen Stock Exchange.

Vestas was the successful tenderer to build Lake Bonney Wind Farm Stages One and Two. Vestas has also been the successful tenderer in a number of other wind farms in Australia, including Toora and Woolnorth.

Vestas has a policy, where economically feasible, to maximise local content and establish local manufacturing operations. To date, Vestas has held detailed discussions with the Government in relation to establishing a blade manufacturing facility in South Australia.

A blade manufacturing plant will employ approximately XX people directly and involve a capital investment of XX million. Product manufactured in this plant would be expected to exceed XX per annum.

Vestas requires a turbine order of at least 400MW over five years in order to construct a blade manufacturing plant in South Australia, and some assistance in establishment costs.

Vestas is of the view that the BBWP wind farm developments provide the most likely opportunity to receive sufficient turbine orders to enable a blade manufacturing facility to proceed in South Australia.

Government of South Australia

typeface

South Australia has aspects which create several natural advantages for the development of wind farms including:

- High wind speeds
- Availability of large areas of cleared land

(Handwritten mark)

Community support for the development of wind farms.

The Government wishes to capitalise on these advantages and encourage the development of sufficient wind farms to enable the establishment of a manufacturing plant in South Australia.

To enable this to take place, the Government is seeking to provide reasonable financial assistance to overcome the barriers to the establishment of the wind farms.

OBLIGATIONS OF THE PARTIES

The parties agree to undertake the following obligations:

OBLIGATIONS OF BBWP

BBWP will undertake the following:

- Proceed with the construction of Lake Bonney Stage One *(Handwritten mark)*
- Proceed with the construction of Lake Bonney Stage Two *(Handwritten mark)*
- Continue to develop the Lake George and Mt Benson/Cape Jaffa wind farms to enable them to begin construction as soon as practicable *(Handwritten mark)*
- Enter into a contract with Vestas to supply the turbines for all the wind farms under development in the south east by BBWP *(Handwritten mark)*
- Spend a minimum of XX of the capital cost of the turbines on items manufactured in South Australia *(Handwritten mark)*
- Cooperate with Vestas and the Government as reasonably required to otherwise facilitate the establishment of a manufacturing plant in South Australia *(Handwritten mark)*

OBLIGATIONS OF VESTAS

Vestas will undertake the following:

- Vestas will enter into a contract with BBWP to supply the turbines for all the wind farms under development in the south east by BBWP.
- Establish a plant in South Australia to manufacture wind turbine blades. After two years, this plant will have a minimum capacity of XX turbine blades per annum.
- Employ a minimum of XX people directly in the blade manufacturing plant. *Approximately* An additional XX *additional* people will be employed indirectly.
- For each additional turbine blade manufactured in excess of XX blades, an additional one person will be directly employed.
- Vestas will employ a South Australian company to manufacture the towers. This will create XX jobs.
- Undertake best endeavours to source other product required in the manufacture of wind turbines in South Australia where technically feasible and cost effective to do so.

OBLIGATIONS OF THE GOVERNMENT

The Government will undertake the following:

To provide to Vestas

- All assistance normally granted to new industries establishing in South Australia.
- Once development approval is applied for and granted for the blade manufacturing plant, (whether conditionally or unconditionally), XX to cover establishment and other initial non-construction costs associated with the blade manufacturing facility.

To provide to BBWP

- If so desired by BBWP, the designation of the complete wind farm development as a project of state significance.
- An amount of XX for each wind turbine generator ordered from Vestas.
- Provide all other reasonable non-monetary assistance requested by BBWP in the development of the wind farms.

delivered from

FAXED



NATIONAL POWER AUSTRALASIA INC.

ABN 15 058 890 921

FAX COVER SHEET

To:	Miles George Babcock & Brown	From:	Tim Flato National Power
Fax:	03 9629 8040	Fax:	02 9279 1674
Phone:	03 9629 8030	Phone:	02 9279 0755

Number of Pages (including cover): 3

Date: 9 September 2002

Message:

Miles,

Copy as discussed.

Regards,

Tim

Att.

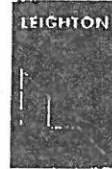
Main Office:

329 Jefferson Street, Suite 200
Oakland, California 94607 USA
Phone (510) 625 7900
Fax (510) 625 7911

Sydney Office:

Level 9, 50 Margaret Street
Sydney, NSW 2000 Australia
Phone (02) 9279 0755
Fax (02) 9279 1674

28 August 2002



Jorn Hammer
Head of Service and Project Implementation
Vestas – Australia Wind Technology Pty. Ltd.
33 Coventry Street,
SOUTHBANK, VIC 3006

Dear Jorn,

**LAKE BONNEY WINDFARM (STAGE 1) PROJECT
PRELIMINARY DESIGN WORK**

Further to the meeting earlier today between Leighton and Vestas at your Southbank office regarding the 46 turbines for the Stage 1 project, we propose that the following design works be initiated during the September 2002 period prior to the anticipated date for project commencement.

Electrical design – trunk cable trenching and earthing protection grids	\$25,000
Structural design – concrete pad and MET mast foundations	\$20,000
Survey – access roads and hardstand layouts including pegging onsite	\$15,000

Preliminary design by Leighton that could be achieved over the month of September 2002 would total \$60,000 at a rate of \$15,000 per week. Separately, geotechnical investigations totalling \$100,000 were completed earlier this year but have not yet been claimed.

We trust the above is agreeable and request your earliest response.

Yours faithfully
LEIGHTON CONTRACTORS PTY LIMITED

A handwritten signature in black ink, appearing to read "Ray McCann", written over a horizontal line.

Ray McCann
Operations Manager

Leighton Contractors Pty Limited ACN 000 893 667

VIC, SA & TAS Branch

Level 1, 5 Queens Road, Melbourne VIC 3004, Australia; PO Box 7135, St Kilda Road Post Office, Melbourne VIC 3004, Australia
Telephone: 03 9228 7700, Facsimile: 03 9228 3000, www.leightoncontractors.com.au

Directors: D.S.Adams, R.L.Hawkins, A.L.Jacobs, I.M.Luck, P.J.McMorrow, R.J.Merkelhof, R.F.Morris, R.P.Turchini, L.W.Voyer

AB / Upfront design Sep02.doc
NO. 955 P. 3/3

LEIGHTON CONT 613 92289000

Page 1 of 1
28.AUG.2002 17:58

From: "Andrew Zalay" <andrew.zalay2@verizon.net>
To: "TIM FLATO" <tflato@nppartners.com>
Date: 8/30/02 10:14AM
Subject: Re: FW: Leighton preliminary design work

Tim: This is a reasonable preliminary design work proposal provided following conditions apply:

1- EPC Price Reduction

Vestas credits Owner with work done by Leighton here prior to Commencement Date as reduction of total EPC price.

2- Construction Drawings

Leighton provides Owner/Vestas with construction drawings as deliverable for this scope of work including:

- a) Electrical- cable trenching drawings and earth protection grid drawings
- b) Structural design- certified foundation drawings for turbine and met tower along with calculations
- c) Survey- surveyed plot plan with pegging of access roads and hardstand areas

TX

Andy

PS The pacing item for civil design/construction is to have Jorn pick what crane is to be used for erection which determines the width of the roads and hardstand areas.

----- Original Message -----

From: "TIM FLATO" <tflato@nppartners.com>
To: <andrew.zalay2@verizon.net>
Sent: Friday, August 30, 2002 8:34 AM
Subject: Fwd: FW: Leighton preliminary design work

fyi

National Power

From: Adrian Rizza [adrian.rizza@babcockbrown.com]
Sent: Thursday, 1 August 2002 10:44 AM
To: Warren Murphy; Miles George; National Power Australia (E-mail); TIM FLATO (E-mail)
Subject: MOU

Attached is the final version of the MOU.

Tim, it is now ready to give to Vestas.

Adrian

<<MOUTerms.doc>>

DEVELOPMENT OF WIND INDUSTRY IN SOUTH AUSTRALIA

Terms of Memorandum of Understanding

PARTIES

- 1) The Government of South Australia ("Government").
- 2) Babcock & Brown Windpower Pty Ltd ("BBWP").
- 3) Vestas Wind Systems A/S ("Vestas").

PURPOSE

The purpose of this MOU is to set out the obligations of the Parties in order to develop a number of large scale wind farms and establish a manufacturing facility in South Australia.

Particularly, this is to involve the establishment of:

- 1) A number of wind farms in the south east of the state, with a total MW capacity of approximately 600 - 650MW; and
- 2) A blade manufacturing plant in the state.

ACKNOWLEDGEMENTS

The Parties acknowledge the following:

- The Government has a policy of promoting the development of wind farms and the establishment of a blade manufacturing plant in South Australia.
- Factors limiting the development of wind farms in the south east of South Australia include the relatively high cost of foreign manufacture, the high cost of grid connection and the low (by world standards) level of government subsidy to promote wind generation.
- A blade manufacturing plant will only be feasible if a turbine order of at least 400MW over five years is placed with a turbine manufacturer.
- BBWP currently has sufficient land rights to develop approximately 600 - 650MW of wind farms in the south east of South Australia.
- Financial assistance by the South Australian government is required in order to facilitate the development of the wind farms proposed by BBWP and a blade manufacturing plant by Vestas.

BABCOCK & BROWN WINDPOWER PTY LTD

BBWP is a developer of wind farms with a focus on developing wind farms in South Australia.

BBWP currently is in the process of developing a number of wind farms in the south east of South Australia, as follows:

Wind Farm	Approximate capacity (MW)
Lake Bonney Stage One	80.5
Lake Bonney Stage Two	122
Lake George	230
Mt Benson/Cape Jaffa	230
Total	662.5

These wind farms will have a total capital cost of in excess of \$1 billion. BBWP has a strong desire to maximise the South Australian content in the construction of the wind farms.

In developing these wind farm sites, BBWP has carried out the following:

- Acquired sufficient land rights;
- Acquired a comprehensive set of wind data for the south east;
- Received planning approval for Lake Bonney Stages One and Two;
- Received clearance from Environment Australia for Lake Bonney Stages One and Two;
- Negotiated a contract with Vestas to supply the wind turbines for Lake Bonney Stages One and Two;
- Undertaken necessary geotechnical drilling on the turbine sites in Lake Bonney Stage One;
- Negotiated a connection agreement with Electranet for connection into the grid of Lake Bonney Stages One and Two.
- Received generator license.

BBWP is in a position to proceed with other aspects of the development of these wind farms.

The proposed wind farms are to be connected into two separate connection points as follows:

Wind Farm development	Substation	Approximate cost
Lake George and Mt Benson/Cape Jaffa	Black range or Snuggery	\$-million
Lake Bonney Stage One and Two	Snuggery	\$10.5 million

The cost of connection is, amongst other things, a significant factor inhibiting the ability to construct the wind farms proposed.

VESTAS WIND SYSTEMS A/S

Vestas is the world's largest manufacturer of wind turbines and is listed on the Copenhagen Stock Exchange.

Vestas was the successful tenderer to build Lake Bonney Wind Farm Stages One and Two. Vestas has also been the successful tenderer in a number of other wind farms in Australia, including Toora and Woolnorth.

Vestas has a policy, where economically feasible, to maximise local content and establish local manufacturing operations. To date, Vestas has held detailed discussions with the Government in relation to establishing a blade manufacturing facility in South Australia.

A blade manufacturing plant will employ approximately XX people directly and involve a capital investment of XX million. Product manufactured in this plant would be expected to exceed XX per annum.

Vestas requires a turbine order of at least 400MW over five years in order to construct a blade manufacturing plant in South Australia, and some assistance in establishment costs.

Vestas is of the view that the BBWP wind farm developments provide the most likely opportunity to receive sufficient turbine orders to enable a blade manufacturing facility to proceed in South Australia.

GOVERNMENT OF SOUTH AUSTRALIA

South Australia has aspects which create several natural advantages for the development of wind farms including:

- High wind speeds;
- Availability of large areas of cleared land;
- Community support for the development of wind farms.

The Government wishes to capitalise on these advantages and encourage the development of sufficient wind farms to enable the establishment of a manufacturing plant in South Australia.

To enable this to take place, the Government is seeking to provide reasonable financial assistance to overcome the barriers to the establishment of the wind farms.

OBLIGATIONS OF THE PARTIES

The parties agree to undertake the following obligations:

OBLIGATIONS OF BBWP

BBWP will undertake the following:

- Proceed with the construction of Lake Bonney Stage One;
- Proceed with the construction of Lake Bonney Stage Two;
- Continue to develop the Lake George and Mt Benson/Cape Jaffa wind farms to enable them to begin construction as soon as practicable;
- Enter into a contract with Vestas to supply the turbines for all the wind farms under development in the south east by BBWP;
- Spend a minimum of XX of the capital cost of the turbines on items manufactured in South Australia;
- Cooperate with Vestas and the Government as reasonably required to otherwise facilitate the establishment of a manufacturing plant in South Australia.

OBLIGATIONS OF VESTAS

Vestas will undertake the following:

- Vestas will enter into a contract with BBWP to supply the turbines for all the wind farms under development in the south east by BBWP;
- Establish a plant in South Australia to manufacture wind turbine blades. After two years, this plant will have a minimum capacity of XX turbine blades per annum;
- Employ a minimum of XX people directly in the blade manufacturing plant. Approximately XX additional people will be employed indirectly;
- For each additional turbine blade manufactured in excess of XX blades, an additional one person will be directly employed;
- Vestas will employ a South Australian company to manufacture the towers. This will create XX jobs;
- Undertake best endeavours to source other product required in the manufacture of wind turbines in South Australia where technically feasible and cost effective to do so.

OBLIGATIONS OF THE GOVERNMENT

The Government will undertake the following:

To provide to Vestas

- All assistance normally granted to new industries establishing in South Australia;
- Once development approval is applied for and granted for the blade manufacturing plant, (whether conditionally or unconditionally), XX to cover establishment and other initial non-construction costs associated with the blade manufacturing facility.

To provide to BBWP

- If so desired by BBWP, the designation of the complete wind farm development as a project of state significance;
- An amount of XX for each wind turbine generator delivered from Vestas;
- Provide all other reasonable non-monetary assistance requested by BBWP in the development of the wind farms.

FAXED



NATIONAL POWER
AUSTRALASIA INC.

ABN 15 058 890 921

FAX COVER SHEET

To: Warren Murphy Babcock & Brown	From: Tim Flato National Power
Fax: 9231 5619	Fax: 9279 1674
Phone: 9233 4033	Phone: 9279 0755

Number of Pages (including cover): 2 Date: 6 June 2002

Message:

Warren,

Re: Draft letter to ElectraNet

Would you please give me your comments.

Regards,

Tim

Main Office:

329 Jefferson Street, Suite 200
Oakland, California 94607 USA
Phone (510) 625 7900
Fax (510) 625 7911

Sydney Office:

Level 9, 50 Margaret Street
Sydney, NSW 2000 Australia
Phone (02) 9279 0755
Fax (02) 9279 1674



NATIONAL POWER AUSTRALASIA INC.

ABN 15 058 890 921

7 June 2002

DRAFT

Mr Robbert A Stam
Executive Manager
Customer Development and Regulation
ElectraNet SA
PO Box 7096 Hutt Street
ADELAIDE SA 5000

Dear Bob,

Re: Lake Bonney Transmission Connection Agreement -- Performance Security

In our meeting last week I agreed to provide a proposal for you to consider regarding the requirements of Clause 23 of the Transmission Connection Agreement.

At the outset, our project will not satisfy the requirements of Clause 23.1 – that is, the Transmission Network User will not have an “acceptable credit rating” nor will we be using a Guarantor that has an “acceptable credit rating”. Therefore, we will need to satisfy the “Undertaking” requirements of Clauses 23.3 and 23.4. As you noted, ElectraNet has the ability to modify or amend the current version of those Clauses.

To satisfy the “Undertaking” requirements we would propose the following: (i) from Financial Closing to completion of the windfarm, we would provide ElectraNet with an [unconditional bank guarantee in the amount of \$2 million / a first lien or charge over the windfarm] and (ii) from and after completion of the windfarm and until the [Entry Charge] has been repaid / the end of the term of the Transmission Connection Agreement,] one-third (1/3) of the amount required under Clause 23.4(a) (e.g. 1/3 of the estimated Charges for the next 12 month period).

Please give me a call to discuss the foregoing.

Regards,

Tim Flato

cc: Hugh Westphalen, ElectraNet
Warren Murphy, Babcock & Brown
Miles George, Babcock & Brown

TELEPHONE: (02) 9207 2000 • FACSIMILE: (02) 9264 2574
EMAIL: alpo@nswalp.com • WEBSITE: www.nswalp.com • ABN 36 192 855 036
9th floor 377 Sussex Street Sydney • PO Box K408 Haymarket NSW 1240



July 2004

Dear Friends,

I wish to extend a personal invitation to the **'It's Time - The Mark Latham Leadership Dinner'**.

This memorable event is to be held on Thursday 5 August 2004, from 6.30pm at The Westin Hotel, No. 1 Martin Place, Sydney.

The evening promises to be a very special one with comedian Vince Sorrenti and special guests Gough Whitlam AC QC, Neville Wran AC QC, Barrie Unsworth, Peter Garrett and special guest speakers Mark Latham, Federal Labor Leader, and Bob Carr, Premier of NSW.

Your presence on the night will be very much appreciated. VIP Tables, Gold Tables, Singular tickets, Sponsorship and Advertising opportunities are available for this exciting event.

An invitation to join us on the night has been enclosed and I look forward to receiving your support. Numbers are strictly limited so respond soon to avoid disappointment.

Thank you for your personal support. All funds raised on the night go to Labor's Federal Election Campaign.

Best wishes

A handwritten signature in blue ink that reads 'Mark Arbib'.

Mark Arbib
GENERAL SECRETARY

National Power

From: Adrian Rizza [adrian.rizza@babcockbrown.com]
Sent: Tuesday, 29 June 2004 11:06 AM
To: Lake Bonney; npaus1@pacific.net.au; TFLATO@nppartners.com
Subject: FW:



26 June Energy
Ministers Commu...

-----Original Message-----

From: Ken McAlpine [mailto:Ken.McAlpine@minstaff.vic.gov.au]
Sent: Monday, 28 June 2004 10:45 AM
To: arichards@pacifichydro.com.au; s.buckle@wind-power.com.au; p.lausberg@wind-power.com.au; Brian.Hall@MeridianEnergy.co.nz; jharding@pacifichydro.com.au; p.staindl@haystac.com.au; Adrian Rizza; jon.richards@au.ngrid.com; alasdair.caush@gamesaenergy.com.au; page@esaa.com.au; david.harris@snowyhydro.com.au; david.young@seav.vic.gov.au; Megan.Wheatley@seav.vic.gov.au; Tony.Wood@OriginEnergy.com.au; Libby Anthony <ceo; Mark.Sinclair@stanwell.com; welchp3@anz.com; Tom Denniss <tom; JKouts@ausnatpower.com; philip@sweeneyvesty.com.au; karlmallon@transitioninstitute.org; terry.charlton@snowyhydro.com.au; Stephen.Bendeich@hydro.com.au
Cc: Patrick Gibbons
Subject:

Dear all

FYI, a copy of the communique from the meeting of State Energy Ministers in Sydney on Sunday.

Please phone Patrick Gibbons or myself if you have any questions.

Regards,
Ken

(See attached file: 26 June Energy Ministers Communique.doc)

Ken McAlpine
Chief of Staff
Office of the Minister for Energy Industries & Resources
Ph: 03 9655 8673
Fax: 03 9655 6304
Mob: 0408 105 403

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Babcock & Brown Pty Ltd, please send an email with "unsubscribe" in the subject field to
opt-out@babcockbrown.com.

Communiqué

Meeting of State Ministers for Energy, 26 June 2004

The Federal Government's Energy Statement *Securing Australia's Energy Future*, fails to address the fundamental issues confronting the Australian Energy Sector. In doing so, the Federal Government is jeopardising Australia's long term economic future.

Securing Australia's Energy Future fails to deliver the investment certainty the Australian energy sector is looking for. In particular, it does not provide any certainty as to future greenhouse reduction obligations. While the Federal Government dismisses this as unimportant, preferring to ignore the issue, it is clear that greenhouse is an issue that will not go away.

By neither addressing the issue nor setting in place a long-term approach, the Federal Government is ensuring that the Australian economy is unprepared for a carbon constrained future. This will cost jobs in the future, and future actions to deal with the problem will be more expensive.

The proposed expenditures announced in *Securing Australia's Energy Future* fall far short of what is required. The Federal Government claims that the Low Emissions Technology Demonstration Fund is worth \$500 million. Yet expenditure in the first two years will total \$3.3 million – barely covering administration expenses. While the following two years will attract just over \$50 million each, this is still \$400 million short of the claimed amount.

This low level of financial assistance will do little to help low emissions technology development over the next five years.

Leaving the Mandatory Renewable Energy Target unchanged also means Australia's fledgling renewable energy sector will remain small. Instead of seeking to diversify Australia's energy sources, the Federal Government is determined to condemn the renewable sector to economic irrelevancy. The long term cost will be great.

Aside from lost investment for projects in the short term, Australia will lose the opportunity to establish itself as the renewable energy hub of the Asia-Pacific region. This industry has the potential to generate billions of dollars of investment and export income, and create thousands of new jobs, especially in rural and regional Australia.

In addition, the Federal Government could act now to improve energy efficiency and enhance demand management. Its own estimates contained in *Securing Australia's Energy Future* indicate that, with such measures, GDP could be increased by around \$1.5 billion per year. Yet the Statement offers no real incentives to promote energy efficiency or demand management.

The Federal government has failed to devise a strategy or policy on gas infrastructure or its role in lowering greenhouse emissions.

In this context, State Energy Ministers called today's emergency meeting. The meeting's purpose has been to discuss ways in which the States can fill the policy void created by the Federal Government's visionless energy statement.

In the absence of Federal Government leadership or action, the Ministers agreed to examine the feasibility of coordinated action by the states to introduce emissions trading, boost MRET, provide a long term national plan for gas and provide incentives for energy efficiency and demand management.

Specifically the Ministers agreed;

1. To accelerate the current work being done by all States on emissions trading. State officials will now report to Ministers by December this year.
2. To immediately establish an Inter-jurisdictional Working Group to recommend ways to increase the MRET from the current level and time frame; noting the recommendations of the Federal Government commissioned Tambling report as a minimum outcome.
3. Recognising the importance of gas as a fuel source in reducing greenhouse emissions in electricity generation, the role of the Gas Taskforce (established after the Moomba plant outage) will be expanded to address long term national gas infrastructure planning.
4. To demand immediate action by the Federal government to offer incentives to promote energy efficiency and demand management.

Subject: RE: Renewable Energy Regulations - Situation, analysis and action .

Date: Mon, 12 Feb 2001 11:50:55 +1100

From: Warren Murphy <warrenm@BabcockBrown.com>

To: Miles George <milesg@BabcockBrown.com>,
Adrian Rizza <adrianr@BabcockBrown.com>,
"National Power Australia (E-mail)" <npaus@zip.com.au>

CC: Graham Denton <grahamd@BabcockBrown.com>

Miles

My problem in tacitly accepting implementation regimes is that the raising of debt where regulations are suspect will be somewhat difficult (a typical Murphy understatement!). I also believe that the AGO staff will point the Greens to the relevant statutory clauses and hope they go off from there.

No solutions from me, I'm afraid just issues to discuss!.

Thanks

Warren

-----Original Message-----

From: Miles George

Sent: Monday, February 12, 2001 11:19 AM

To: Warren Murphy; Adrian Rizza; 'National Power Australia (E-mail)'

Cc: Graham Denton

Subject: RE: Renewable Energy Regulations - Situation, analysis and action.

I agree that the High Court approach is probably only useful as a threat to get the regs or their implementation changed by other means, not as a real strategy.

However Hill has essentially ignored FT's comments on the regulations previously, when it was far easier for him to change than it is now that they're in force. I don't expect the government will withdraw its regs now under any circumstances - this would just draw unwanted attention to any change.

In my view the Feds are more likely to condone / turn a blind eye to implementation of the regulations in determining the scope of FT's operations for which the value test and any other offending elements are applied.

FT has said it can meet the value test if the scope of operations is cast wide enough, ie rfa-wide operations are considered rather than say coupe by coupe operations.

If the government will not change the regs then perhaps they would tacitly accept implementation which achieves the same end.

Regards. Miles

-----Original Message-----

From: Warren Murphy

Sent: Monday, 12 February 2001 10:07

To: Adrian Rizza; Miles George; 'National Power Australia (E-mail)'

Cc: Graham Denton

Subject: RE: Renewable Energy Regulations - Situation, analysis and action.

Dear All

This is quite serious stuff and worth discussing collectively. I would expect that the Green movement will challenge FT on any legal matters and turn it into a political football. My view is that is an avenue that FT cannot win i.e. they may win the legal battle initially, but they will lose the overall (political) "war". The Greens will salivate at FT taking the Government to the High Court on this issue.

In my opinion, that means that FT have to solve this issue politically i.e. via Senator Hill.

Any thoughts?

Warren

-----Original Message-----

From: Adrian Rizza
Sent: Monday, February 12, 2001 10:00 AM
To: Miles George; Warren Murphy; National Power Australia (E-mail)
Subject: FW: Renewable Energy Regulations - Situation, analysis and action.

fyi

-----Original Message-----

From: Tony Fitzpatrick [mailto:Tony.Fitzpatrick@forestrytas.com.au]
Sent: Friday, February 09, 2001 8:08 PM
To: Andrew Blakesley; Bob Gordon; Hans Drielsma; John McDonald; Mark Sanderson
Subject: Renewable Energy Regulations - Situation, analysis and action.

Attached is a memo on this matter which, hopefully, will help to get us out of our bind.

Tony.

A.E. (Tony) Fitzpatrick
Manager Commercial Development
Forestry Tasmania, GPO Box 207, Hobart 7001
(79 Melville Street, Hobart, Tasmania)

Phone: 03 6233 8168 (international: 61 3 6233 8168)
Fax: 03 6233 8156 (international: 61 3 6233 8156)
e-mail: tony.fitzpatrick@forestrytas.com.au

Subject: RE: Renewable Energy Regulations - Situation, analysis and action .

Date: Mon, 12 Feb 2001 10:11:35 +1100

From: Adrian Rizza <adrianr@BabcockBrown.com>

To: Warren Murphy <warrenm@BabcockBrown.com>,
Miles George <milesg@BabcockBrown.com>,
"National Power Australia (E-mail)" <npaus@zip.com.au>

CC: Graham Denton <grahamd@BabcockBrown.com>

I agree. This should be handled politically rather than legally. Tim and I are seeing them tomorrow and convey this to them.

Adrian

-----Original Message-----

From: Warren Murphy

Sent: Monday, February 12, 2001 10:07 AM

To: Adrian Rizza; Miles George; 'National Power Australia (E-mail)'

Cc: Graham Denton

Subject: RE: Renewable Energy Regulations - Situation, analysis and action.

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Phone: 03 6233 8168 (international: 61 3 6233 8168)

RE: Renewable Energy Regulations - Situation, analysis and action .

Fax: 03 6233 8156 (international: 61 3 6233 8156)
e-mail: tony.fitzpatrick@forestrytas.com.au

You replied on 11/8/2006 4:44 PM.

Tim Flato

From: Adrian Rizza [n.Rizza@babcockbrown.com]
To: Tim Flato
Cc:
Subject: FW: NSW Renewable energy scheme
Attachments:

Sent: Wed 11/8/2006 4:08 PM

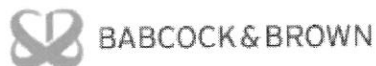
-----Original Message-----

From: Adrian Rizza
Sent: Thursday, 9 November 2006 11:08 AM
To: Miles George; Warren Murphy; 'Adam MacDonald'; Graham Denton
Subject: NSW Renewable energy scheme

<http://www.deus.nsw.gov.au/Publications/NRET%20Explanatory%20Paper%20FINAL.pdf>

Adrian Rizza

Level 51 Rialto Sth Tower, 525 Collins St, Melbourne VIC
D +61 3 9627 2809 - M +61 412 159 778
www.babcockbrown.com







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 **Mail Message**

From: Miles George <miles.george@babcockbrown.com>
To: California.GWIA."adrian.rizza@babcockbrown.com",
California.GWIA."felicity.arena@babcockbrown.com",
California.GWIA."warren.murphy@babcockbrown.com"
CC: TIM FLATO
Subject: Mt Benson Lease Payments

Attachments:  Message  (Save As: Binary, Size=845 bytes)
 Mime.822  (Save As: Binary, Size=3211 bytes)

Message: As all of the Mount Benson leases have now been signed I have asked Peter Ward to provide from Acuiti a detailed statement of payments due to landowners and timing thereof as specified in the documents.

When we receive this advice payments to landowners in the order of \$600,000 will be required within 20 days. I will send a separate payment request/approval when I have the details.

FYI. Regards. Miles



FAXED

NATIONAL POWER AUSTRALASIA INC.

ABN 15 058 890 921

FAX COVER SHEET

To:	Warren Murphy Babcock & Brown, Sydney	From:	Tim Flato National Power
Fax:	02 9231 5619		
To:	Adrian Rizza Babcock & Brown, Melbourne	Fax:	02 9279 1674
Fax:	03 9629 8040	Phone:	02 9279 0755

Number of Pages (including cover): 20 Date: 31 July 2002

Message:

Re: Briefing on Renewable Energy Projects

My comments are attached.

Regards,

Tim

Main Office:

329 Jefferson Street, Suite 200
Oakland, California 94607 USA
Phone (510) 625 7900
Fax (510) 625 7911

Sydney Office:

Level 9, 50 Margaret Street
Sydney, NSW 2000 Australia
Phone (02) 9279 0755
Fax (02) 9279 1674

PROPRIETARY & CONFIDENTIAL

BABCOCK & BROWN / NATIONAL POWER

Briefing on Renewable Energy Projects

August 2002

*How About A
NP Logo Also*

BABCOCK & BROWN

BABCOCK & BROWN PTY LIMITED
(A.C.N. 002 332 345)

AGENDA

BABCOCK & BROWN AND NATIONAL POWER

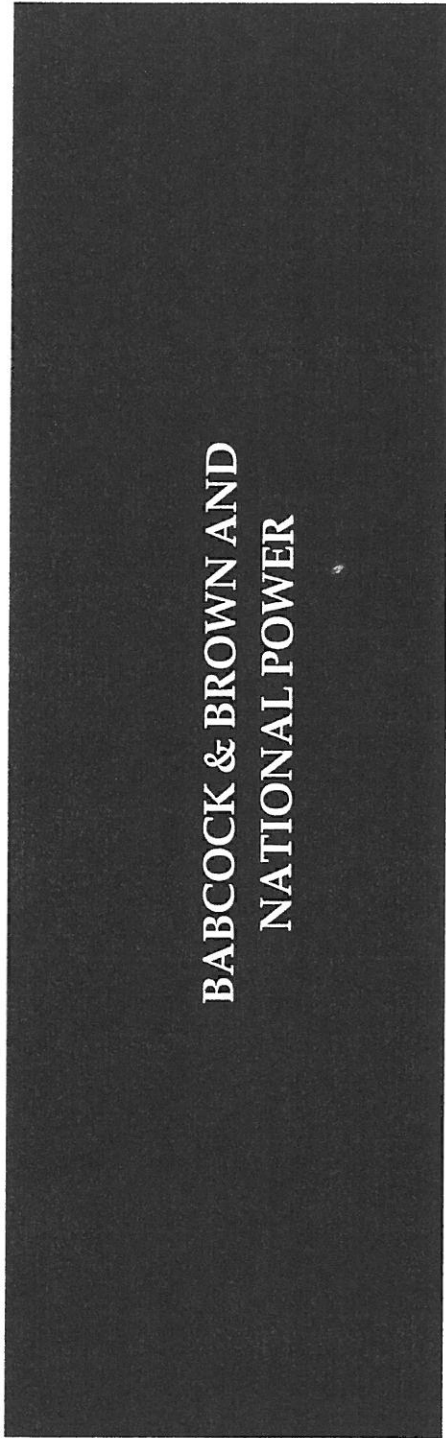
RENEWABLE ENERGY - REGULATORY FRAMEWORK

STRATEGY AND OVERVIEW

LAKE BONNEY STAGE ONE WIND ENERGY PROJECT

MAJOR CONTRACTS

EXPRESSIONS OF INTEREST



**BABCOCK & BROWN AND
NATIONAL POWER**

- ◆ Babcock & Brown is a worldwide investment-banking group which was founded in 1977. The group has grown to 17 offices in 11 countries.
- ◆ Babcock & Brown is owned as to 80% by the partners and staff of the firm, and as to 20% by Bayerische Hypo und Vereins Bank ("HVB") / ~~one of Germany's largest banks~~. *If a Bank does not know this, we don't want them.*
- ◆ The company is recognised as a world leader in its field and since its inception has successfully completed more than USD120 billion of innovative financings for some of the world's largest corporate and government bodies.
- Babcock & Brown was established in Australia in 1982 and since that time has grown to be a leader in arranging and investing in unique and innovative financings in sectors including energy, transport, water and wastewater treatment, telecommunications and commercial property.
- In 1997, Babcock & Brown acquired the Commonwealth Government owned investment bank, AIDC Ltd, through an international open tender. This acquisition has enabled the firm to access AIDC's experience in large scale Australian infrastructure development & advisory projects and combine it with Babcock & Brown's renowned financial structuring skills and worldwide project finance expertise.
- ◆ The following table highlights Babcock & Brown's international experience in development and capital raisings for recent large wind energy projects

X/Reference

WORLDWIDE WIND ENERGY PROJECTS - DEVELOPMENT & CAPITAL RAISING EXPERIENCE

Project	Financial Close	Technology	Size	Babcock & Brown Role	Total (US\$m)
Mojave Wind (USA)	1989/90	MHI	85+75MW	Project and lease adviser /arranger	313
P&L Windfarm (UK)	1993	MHI	31MW	Equity and non-recourse debt financing	54
RYG Windfarm (UK)	1993	Bonus	7MW	Equity placement	14
Paxareiras I & IIa (Spain)	1998	Bonus	40MW	Equity placement and non-recourse debt financing	55
IVPC (Italy)	1998	Vestas	169MW	Equity placement and non-recourse debt financing	194
Vicedo (Spain)	1999	Bazan	26MW	Equity placement and non-recourse debt financing	37
IVPC4 (Italy)	2000	Vestas	283MW	Equity placement and non-recourse debt financing	410
Paxareiras II C&F (Spain)	2000	Bonus	44MW	Equity placement and non-recourse debt financing	70
TOTAL			760MW		US\$1,147m

Waven: What about Recent Ones?

In Australia, Babcock & Brown has been actively involved as a developer in a wide range of Australian greenfields projects in the energy and infrastructure sectors, examples of which include:

Redbank Power Station - Joint project developer, financial advisor, equity investor and equity placement

National Grid Group – Exclusive financial advisor for successful Basslink interconnector bid to the Tasmanian Government.

Thames Water Ballarat Water Treatment Project - Joint project developer, equity ^{investor} ~~participant~~ and financial adviser for Thames Water's successful bid to build, own and operate regional water treatment plant projects near Ballarat in Victoria.

Wambo Power Station - Joint project developer, financial advisor, equity investor and debt arranger

Earth Power Technologies – Founding majority equity investor and debt arranger.

Oakey Power Station - Joint project developer, financial advisor, equity investor and debt arranger

Melbourne City Link – foundation equity investor in the Melbourne Citylink project.

M4 Motorway - NSW – early equity investor

Cable & Wireless Optus – Founding equity investor, equity fund manager and debt arranger

NATIONAL POWER

- ◆ National Power and Babcock & Brown have worked together successfully in the establishment of the Redbank power project in NSW and are continuing to work together on a range of new power development projects in Australia.
- ◆ The National Power Group of Companies, founded in 1991, is a private, employee-owned company with the principal ownership and senior management resting in five individuals who are seasoned professionals in the development, financing and construction of power and industrial projects.
- ◆ In the past ^{twenty} ~~fifteen~~ years these individuals have been responsible, both individually and collectively, for projects totalling \$8 billion in capital investment and representing approximately 5,500 MW of generating capacity.
- ◆ National Power and its owners have developed, financed and/or operated geothermal, biomass, wind, natural gas, coal waste and petroleum coke electric generating plants in the United States, Australia and elsewhere.
- Babcock & Brown and National Power are jointly developing a portfolio of wind farms in Australia. We are also jointly pursuing a range of biomass power developments in Australia and the development ~~of Stage 1~~ of the Redbank power station project in the Hunter Valley in NSW.



RENEWABLE ENERGY - REGULATORY FRAMEWORK

RENEWABLE ENERGY (ELECTRICITY) ACT (2000)

Legislation in effect from 1 April 2001

- ◆ Federal Parliament passed the Renewable Energy (Electricity) Act in December 2000.
- ◆ The Act places an obligation on electricity retailers to purchase 2% of their energy requirements from renewable energy sources by 2010.
and other eligible parties
- ◆ This equates to 9,500 Gwh
- ◆ A failure to meet their obligation will incur a \$40 per Mwh non deductible penalty
- ◆ Eligible Renewable energy sources include:
 - wind
 - solar
 - hydro
 - biomass
- The majority of the renewable energy obligations will be met by wind energy

The states are introducing similar legislation in order to reduce greenhouse gas production. In NSW, the government has committed to passing legislation to impose greenhouse reduction targets on electricity retailers by the end of 2002. South Australian and Victorian governments have committed to sourcing a greater proportion of their electricity needs from green energy.

STRATEGY AND OVERVIEW

◆ Babcock & Brown and National Power are currently developing a number of wind and biomass projects. The wind projects are all located in South Australia, with all but one project located in the south east of South Australia.

◆ There are currently five wind farms under development with a total estimated project cost of ~~600~~ 500 million ~~projects~~ comprising in the order of 500 MW of installed wind plant.

Good wind sites are limited in Australia.

◆ Sites have been selected on the basis of:

- have a sufficient wind speed
- be close to grid transmission lines
- being in a large area, to enable large scale wind farms to be built
- local support
- ease of permitting

◆ ~~Environmental Infrastructure Limited, a publicly listed Babcock & Brown controlled company has a right of first refusal over Babcock & Brown's interest in the wind farms.~~

6

Mostly

B.B.B.

exceeding \$1 billion

aggressive
invest

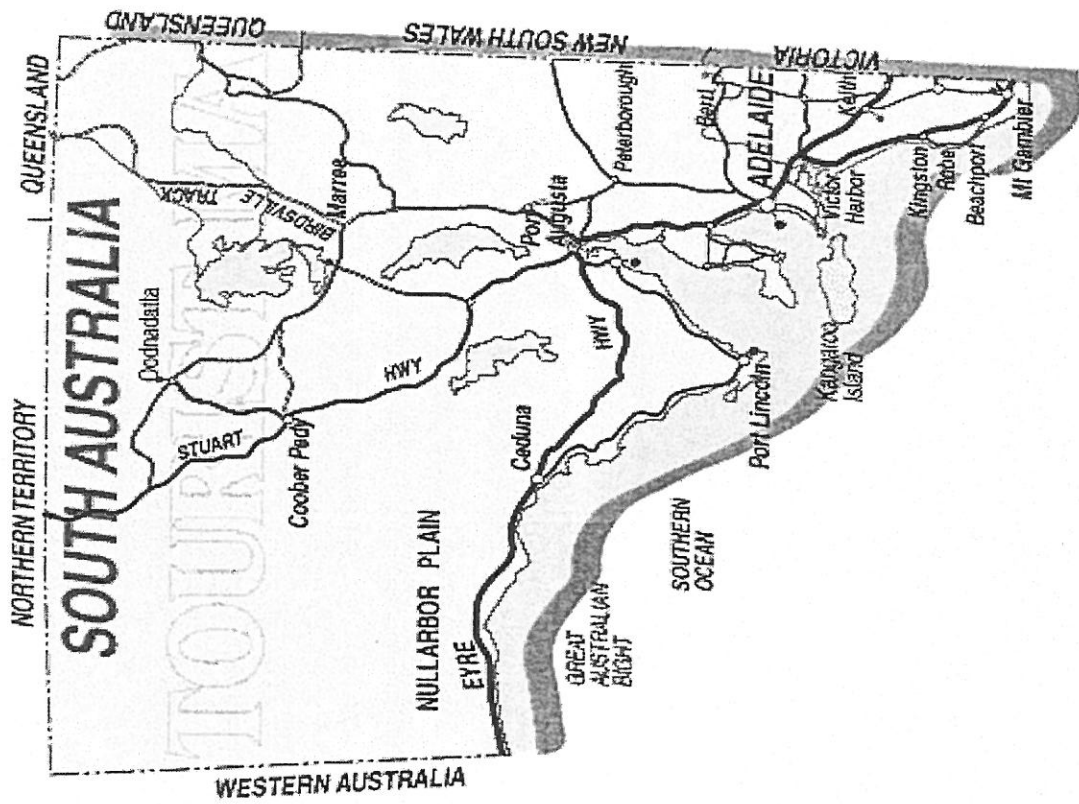
Summary of the wind energy projects is as follows:

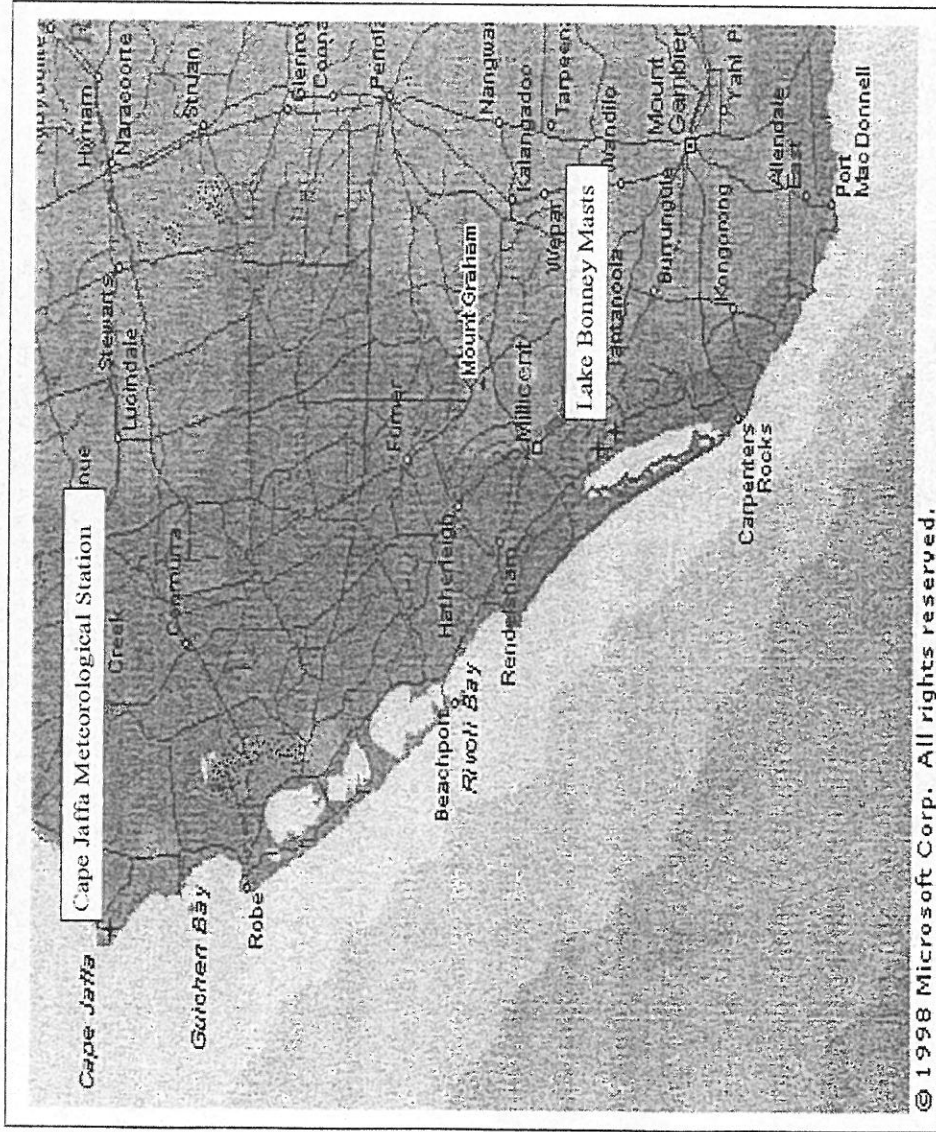
Renewable Energy Asset	Approx	Approx Mwh	Timing for Bankability
Wind Projects:			
Lake Bonney 1	~\$150m	80.5	Q3/02
Lake Bonney 2	~\$220m	122	Q2/03
Lake George	~\$150m	80	Q3/03
Mt Benson	~\$230m	120	Q2/04
Uley	~\$220m	120	Q4/04
Total	~\$970m	532.5	

300 → 200

1.4B → 602

LAKE BONNEY STAGE ONE WIND ENERGY PROJECT





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LAKE BONNEY STAGE ONE

Vestas has also been selected to operate and maintain the windfarm on a turnkey basis for the first five years of operation.

- ◆ Wind farm site is located on the Woakwine range and stretches along the range for approximately 10 kilometres.
- ◆ The project utilises 46 1.75 MW Vestas machines for a total capacity of 80.5 MW.
- ◆ Extensive wind monitoring and analysis has been undertaken, with mean wind speed exceeding 8 metres per second.
- ◆ The site is cleared farmland, with most farms being large commercial operations. The site covers land owned by six different landowners.
- ◆ The site is located approximately 9 kilometres from the local sub station and is connected into the high voltage transmission network, which is owned by Electranet.
- ◆ Electranet will build, own and operate the transmission connection assets, including transmission lines and substations.
- ◆ All relevant planning permits have been granted.
- ◆ Clearance has been received from Environment Australia that the Project is not a "controlled action" under the Environmental Protection and Biodiversity Conservation Act 1999.
- ◆ Vestas Wind Technology A/S, the largest wind turbine manufacturer in the world, ~~and a company listed on the Copenhagen stock exchange~~ has been selected to build the project on an EPC turnkey basis. Vestas has selected Leighton Contractors to undertake civil and general works on the Project.
- ◆ An application for the registration of the Project with the Office of the Renewable Energy Regulator has been submitted, in order for the Project to create REC's.

2002 JUNE

CONFIDENTIAL

SAPR has granted the Facility a SA generator's license.

MAJOR CONTRACTS

The EPC contract is guaranteed by Vestas Wind Technology A/S

The following agreements are ready for execution in relation to Lake Bonney Stage One:

- ◆ Turnkey EPC contract with Vestas Australian Wind Technology Pty Limited, a 100% owned subsidiary of Vestas Wind Technology A/S, with appropriate performance and timing guarantees.

Turnkey

The O&M Agreement is guaranteed by Vestas Wind Technology A/S.

- ◆ Five year operations and maintenance agreement with Vestas Australian Wind Technology Pty Limited.

- ◆ Thirty year leases of the land with the six relevant landowners.

- ◆ Connection Agreement with Electranet to connect the Project into the high voltage transmission network and to build, own and operate the transmission network.

- ◆ A power purchase agreement for the offtake of the electricity generated and the REC's created.

EXPRESSIONS OF INTEREST

- ◆ Babcock & Brown and National Power are seeking expressions of interest to provide Project Financing for the Lake Bonney wind energy project.
- ◆ Confidentiality Agreement will be provided for execution.
- ◆ Information Memorandum to be provided within the next week.
- ◆ A small number of Financiers will be selected on the basis of appetite for exposure to this sector, competitiveness and proven ability to successfully conclude financings on a Project basis.
- ◆ Financial close is being targeted in 6-8 weeks

5.1
two