

**Pyrenees Wind Energy
D e v e l o p m e n t s**

**APPLICATION
FOR
GENERATION LICENCE**

WAUBRA WIND FARM

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1 INTRODUCTION

Pyrenees Wind Energy Developments Pty Ltd, ACN 097 047 268 ('Pyrenees Energy') intends to construct and operate a wind farm at Waubra (referred to hereafter as 'the Wind Farm'). The Wind Farm will help Victoria to meet the growing demand for electricity and displace other forms of energy generation with reduced green house gas emissions technology, as mandated under the Victoria Renewable Energy Target legislation of 2006.

It is Pyrenees Energy's intention to have the Wind Farm ready to commence commercial operation by August 2008.

Accordingly, pursuant to Section 18 of the Electricity Industry Act 2000 (Vic) (the 'Act'), Pyrenees Energy is applying to the Essential Services Commission ('ESC') for a licence to generate electricity for supply and sale.

2 APPLICANT DETAILS

2.1 *Applicant*

Pyrenees Energy is a joint venture enterprise jointly owned by Acciona Energy Oceania Pty. Ltd. ('Acciona Energy') and ANZ Specialist Asset Management Pty. Ltd. ('ANZ SAM') in its capacity as trustee and responsible entity for Energy Infrastructure Trust ('EIT'). Acciona Energy and EIT each have a 50% ownership share of Pyrenees Energy. Pyrenees Energy was specifically formed to develop, own and operate Waubra Wind Farm. The company's Certificate of Incorporation is attached as Annexure 1.

Acciona Energy is wholly owned by Acciona Energia S.A., a company incorporated in Spain ('Acciona'), which is a private and publicly listed company on the Spanish stock exchange and one of those making up the benchmark for the Madrid Stock Market, the IBEX-35 index. Acciona is active in infrastructure development, real estate, transport and logistics, urban and environmental services and renewable energy development. Acciona employs in excess of 34,000 staff and has annual turnover exceeding Euros 6 billion (approximately \$10 billion equivalent).

Acciona is one of the largest renewable energy developers in the world, having developed in excess of 4,100 MW of wind generation in nine countries. In addition, Acciona has developed and owns mini-hydro and solar generating stations. In Australia, Acciona Energy is 50% owner of the 66 MW Cathedral Rocks Wind Farm, west of Port Lincoln, in South Australia.

Further details regarding Acciona, including annual reports, can be found on the Internet at <http://www.acciona.es> by following the 'English' link at the bottom left of the page or directly at <http://www.acciona.es/default.asp?idioma=En>.

ANZ SAM is a wholly owned subsidiary of Australia and New Zealand Banking Group Limited ('ANZ'), one of Australia's largest publicly listed banks. As at 30 September 2006, ANZ had a market capitalisation of \$49.3 billion and employed 32,256 full-time equivalent staff across Australia, New Zealand, Asia/Pacific, London and New York. EIT is an open-ended unlisted unit trust established by ANZ with ANZ SAM as trustee to acquire and develop energy-related utility and infrastructure assets in Australia and New Zealand.

Further details regarding ANZ, including annual reports, can be found on the internet at www.anz.com.

2.2 *Registered Office*

Pyrenees Wind Energy Developments Pty Ltd
Level 1, 95 Coventry Street
South Melbourne
VIC 3205

2.3 *Address for Correspondence in relation to this Application*

Mr James Harkness
Company Secretary
Pyrenees Wind Energy Developments Pty Ltd
Level 1, 95 Coventry Street
South Melbourne
VIC 3205

Email: jharkness@accionaenergy.com.au
Fax: 03 9686 6120

3 DETAILS OF THE PROPOSED POWER STATION

3.1 *Location*

The Wind Farm site is located around the town of Waubra, approximately 30 km north-west of Ballarat. The wind farm turbines will be installed over an area of approximately 18,000 Ha of rural farmland owned by 36 landowners. The turbine sites will be leased for the duration of the Wind Farm's life.

3.2 *Power Station Details*

The Wind Farm will comprise one hundred and twenty eight (128) wind turbines with a combined rated generating capacity of 192 megawatts (MW). Five collector substations and an associated 12 kV and 66 kV underground and overhead power network will be installed to collect the generated energy.

3.3 *Network Connection*

The Wind Farm will be connected to the 220 kV/66 kV Waubra Terminal Station, being developed by the Victoria Electricity Networks Corporation (VENCorp) for the project. The terminal station will connect to the existing Ballarat to Horsham 220 kV transmission line, owned and operated by SP Ausnet Pty. Ltd.

3.4 *Operation*

An operations and maintenance facility, manned during normal working hours, is being established within the project area and the Wind Farm will normally be operated from there.

Out of hours control will be through callout of rostered staff. Operation of individual turbines will be possible locally at each turbine or from the operations facility.

Remote operation will also be possible from a centralised control centre in Melbourne.

The Wind Farm will operate primarily as base load generation for as many hours a year as there is sufficient wind resource available.

4 CURRENT STATUS OF THE PROJECT

4.1 Consents Already Obtained

(a) Planning

The Wind Farm is permitted by, and subject to, Planning Permits (No. PL-SP/05/0152 and No. PL-SP/05/0150) issued by the Victorian Minister for Planning in May 2005 and associated Development Plans. The approved Development Plans include an Environmental Management Plan, Cultural Heritage Management Plan, Traffic Management Plan and Community Relations Plan that are being implemented by Acciona Energy on behalf of Pyrenees Energy.

(b) Electricity Use of System Agreement

A transmission use of system agreement for the Wind Farm is currently being negotiated with VENCORP.

(c) Electricity Connection Services Agreement

A connection services agreement for connection of the Wind Farm to the transmission network is currently being negotiated with SP Ausnet.

4.2 Construction

Civil construction on the site commenced in November 2006 and is forecast to continue until late 2008.

5 REASONS FOR PARTICIPATION

The 2006 Statement of Opportunities published by the National Electricity Market Management Company ('NEMMCO'), indicates that the electricity supply/demand situation in Victoria is such that significant energy shortfall is forecast during the proposed Wind Farm life. In addition, through the Victoria Renewable Energy Target legislation the Victorian Government has identified a need to install new renewable energy generating resources to reduce the impacts of energy supply on global climate change.

Pyrenees Energy is well placed to respond to these identified needs and develop wind generation facilities in Victoria. The owners combine significant financial strength with experience in delivering renewable energy projects globally and within Australia. Acciona, in particular, is committed to delivering renewable energy projects worldwide to lead efforts towards a sustainable energy future.

The identified need for renewable energy generation along with an identified excellent wind resource at Waubra combine to ensure the proposed Wind Farm provides excellent cause to participate in the Victorian electricity market.

6 ESSENTIAL SERVICES COMMISSION OBJECTIVES

The objectives of Pyrenees Energy and those of the ESC in respect of this proposal are mutually consistent as outlined below.

- 1) *To protect the long term interests of Victorian consumers with the regard to the price, quality and reliability of essential services.*

The project will contribute to long term stability of energy prices to Victorian consumers. As wind is an abundant natural resource, and so not subject to fuel price fluctuations, the costs involved with wind energy generation are known in advance of construction. Wind generation will not be subject to further costs or constraints that may arise through national or international greenhouse gas abatement programmes, as may affect other forms of energy generation in Victoria. These features of wind energy generation provide pricing stability in the market.

Wind generation using current technology meets all national market requirements with respect to power quality. Building a wind farm at Waubra, some distance from other wind farms, will provide some diversity in using the wind resource. In periods where there is no wind elsewhere there may be wind at Waubra, increasing the reliability of wind energy supply.

- 2a) *To facilitate efficiency in regulated industries and the incentive for long-term investment*

The proposed development is an example of an efficient energy market. It responds to an identified opportunity to invest in generation plant to meet future energy demand as well as meet an environmental need expressed in the Victorian Government's recent Victoria Renewable Energy Target legislation.

- 2b) *To facilitate the financial viability of regulated industries*

The degree of competition in the NEM and the increase in the number wind farm proponents indicates that the market is seen as financially viable for new entrants, such as Pyrenees Energy.

- 2c) *To ensure that the misuse of monopoly or non-transitory market power is prevented.*

The proposal increases market competition.

- 2d) *To facilitate effective competition and promote competitive market conduct.*

The proposal increases market competition in the NEM.

- 2e) *To ensure that regulatory decision making has regard to the relevant health, safety, environmental and social legislation applying to the regulated industry.*

Pyrenees Energy has a strong commitment to being a good corporate citizen and to environmental and occupational health and safety and has prepared policies and procedures for these aspects. Both parent companies have strong records in this area. ANZ is well known as a responsible Australian corporate citizen with a long history. Acciona is equally well known within the Spanish market and globally and has received awards for environmental excellence.

Development of wind farms improves the energy supply industry's environmental and social performance. The Federal and Victorian Governments are committed to reduction of Australia's greenhouse emissions. As the power generation sector accounts for approximately one third of emissions, increasing use of zero emissions generation technology is an important component of greenhouse gas abatement efforts. It is expected that Waubra Wind Farm will contribute about 15% of the required increase in renewable generation required to meet the Victorian Government's target of 10% of renewable energy in the energy mix by 2016.

- 2f) *To ensure that users and consumers (including low-income or vulnerable customers) benefit from the gains from competition and efficiency.*

The proposal represents an efficient form of investment in response to consumer energy demand and government policy. It increases competition in the generation sector facilitating efficient market outcomes and price efficiency.

7 TECHNICAL CAPACITY

Acciona Energy will provide Pyrenees Energy with technical capability for the design, construction and ongoing operation and maintenance of the project.

The Acciona group owns and operates in excess of 100 wind farms in Spain, France, Germany, Italy, Greece, Ireland, Canada, USA and Australia. In addition to owning an installed capacity of 2,191 MW, Acciona has developed 1,931 MW of wind farm assets for others. Also within the Acciona group, Acciona Windpower S.A. manufactures wind turbines and is currently the eight largest supplier of wind turbine technology globally.

As one of the world's largest wind generation developers with a staff of in excess of 500 in the wind farm area of the business, Acciona has extensive capability in all aspects of wind farm projects. Acciona Energy's Australian team enjoys the full support of the Acciona Energy business.

Locally, Acciona Energy owns, maintains and operates the 66 MW Cathedral Rocks Wind Farm in South Australia in a joint venture with Hydro Electric Corporation (otherwise known as Hydro Tasmania) and Roaring 40s Pty. Ltd. Cathedral Rocks Wind Farm has been operating successfully since mid 2005. Acciona Energy has provided that project with construction, operating and maintenance resources as well as market services.

Senior management with electricity market responsibilities have experience of market operations and associated National Electricity Rules compliance through the Cathedral Rocks Wind Farm project. Members of the team have prior relevant experience in the electricity sector. Accordingly, Pyrenees Energy has the capability to meet the requirements of a generation licence.

8 FINANCIAL VIABILITY

As Pyrenees Energy is not applying for a retail licence, detailed information on financial viability is not provided.

However, both of the owners of Pyrenees Energy are substantial entities with significant assets and turnover as is evidenced through financial statements available on the Internet at addresses given above in Section 2.

9 CROSS OWNERSHIP

Pyrenees Energy holds neither a controlling interest nor a substantial interest in any other licensee (as defined for the purposes of Part 3 of the Electricity Industries Act).

Accordingly, if granted a licence Pyrenees Energy will not hold a prohibited interest under Section 68(2) of the Act.

Annexure 1 – Certificate of Incorporation

Certificate of Registration of a Company

This is to certify that

WIND POWER PTY LTD

Australian Company Number 097 047 268

is a registered company under the
Corporations Law of Victoria.

The company is limited by shares.

The company is a **proprietary** company.

The day of commencement of registration is
the sixth day of June 2001.

Issued by the
Australian Securities and Investments Commission
on this sixth day of June, 2001.



David Knott
Chairman



CERTIFICATE

Certificate of Registration on Change of Name

This is to certify that

WIND POWER PTY LTD

Australian Company Number 097 047 268

did on the twenty-fifth day of January 2006 change its name to

PYRENEES WIND ENERGY DEVELOPMENTS PTY LTD

Australian Company Number 097 047 268

The company is a proprietary company.

The company is limited by shares.

The company is registered under the Corporations Act 2001 and
is taken to be registered in Victoria and the date of commencement of
registration is the sixth day of June, 2001.

Issued by the
Australian Securities and Investments Commission
on this twenty-fifth day of January, 2006.



Jeffrey Lucy
Chairman



ASIC

Australian Securities &
Investments Commission

CERTIFICATE