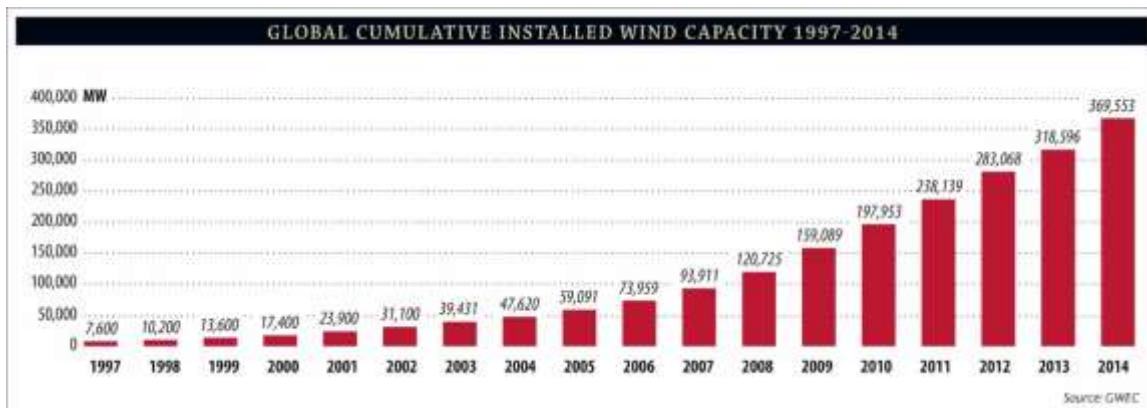




NZWEA: The year in review and looking forward - April 2015

The past year has been a difficult one for the wind industry in New Zealand. In contrast globally the wind industry had its best year yet, installing some 51GW of generation and globally 2015 is looking even better.



In New Zealand in the past year the Mill Creek windfarm was completed (60MW, near Wellington) and work is well underway on the Flat Hill Windfarm (8MW, near Bluff). No further development is planned at this stage in New Zealand, but as we heard at the recent NZ Wind Energy Conference this could change rapidly and we could see wind farms being developed.

Over the past year the Board carefully considered NZWEA's role, given the slowdown in development of windfarms. We interviewed corporate members and sought their views on the future of and directions for NZWEA. The outcome of the deliberations was that NZWEA plays an important role and should continue albeit in a smaller form.

In the past year staffing has been reduced to reflect reduced industry activity and consequently our reduced income. We thank Jennifer for her years of excellent work for the association. We also thank Ceridwyn for her excellent work for us and the legacy of an updated and excellent website.

With reduced staffing we have re-focused our priorities. The RMA remains an issue, not so much in terms of consenting at present but some of the plan changes that councils are proposing are of serious concern for the industry. Health and safety remains a priority and NZWEA continues to run a very successful H&S programme for the industry. Running a conference is also an important priority for NZWEA albeit a much smaller event. It is also important to understand changes coming in the electricity system, for example, how wind fits with new technologies such as solar and batteries. And then there are of course the political aspects and maintaining connections with politicians. Above all

it is important that NZWEA remains an authoritative voice for the wind industry, with excellent networks and access to high quality information.

NZWEA has been working as part of a broader industry initiative to promote New Zealand's renewable energy and electricity system management skills internationally. Potentially there is a large international market for the skills and expertise New Zealand companies have developed and overseas work can help companies manage through the ups and downs of the New Zealand market. The Geothermal Industry has achieved significant success in the last few months – some \$250m in construction contracts - after deciding to work together in 2011 to pursue international opportunities. Overall with a concerted effort we estimate that exports from the renewable energy and electricity sector could grow from around \$120m to \$500m/yr. The geothermal sector has certainly shown what is possible when companies and the government work together.

We heard at the conference that the wind industry is very well placed to meet any increase in electricity demand and pick up the slack from thermal retirements. The trends in New Zealand are consistent with the rest of the world – we are seeing the retirement of thermal plant and increasing renewable generation. That trend looks set to continue so it is just a matter of time before new windfarms are built as part of the process of displacing thermal generation.

One thing we can be confident of is the wind resource we have in New Zealand. The evidence is now in and confirms what those of us living in Wellington and Palmerston North have always known: New Zealand's wind resource is the best in the world. At the conference we heard that in the Vestas fleet, the largest in the world, the top 2 highest producing turbines were V90s at Manawatu. Of the top 20 producing turbines in the Vestas Fleet, 10 were from the Manawatu. Our wind is excellent!

On behalf of the NZWEA Board I sincerely ask that you support NZ Wind Energy Association through this slow patch in the wind industry. We heard at the conference that the main players in the wind industry are very confident that the wind industry is very well positioned for the future. Activity will pick up. I am confident of that.

Eric Pyle

CEO

New Zealand Wind Energy Association