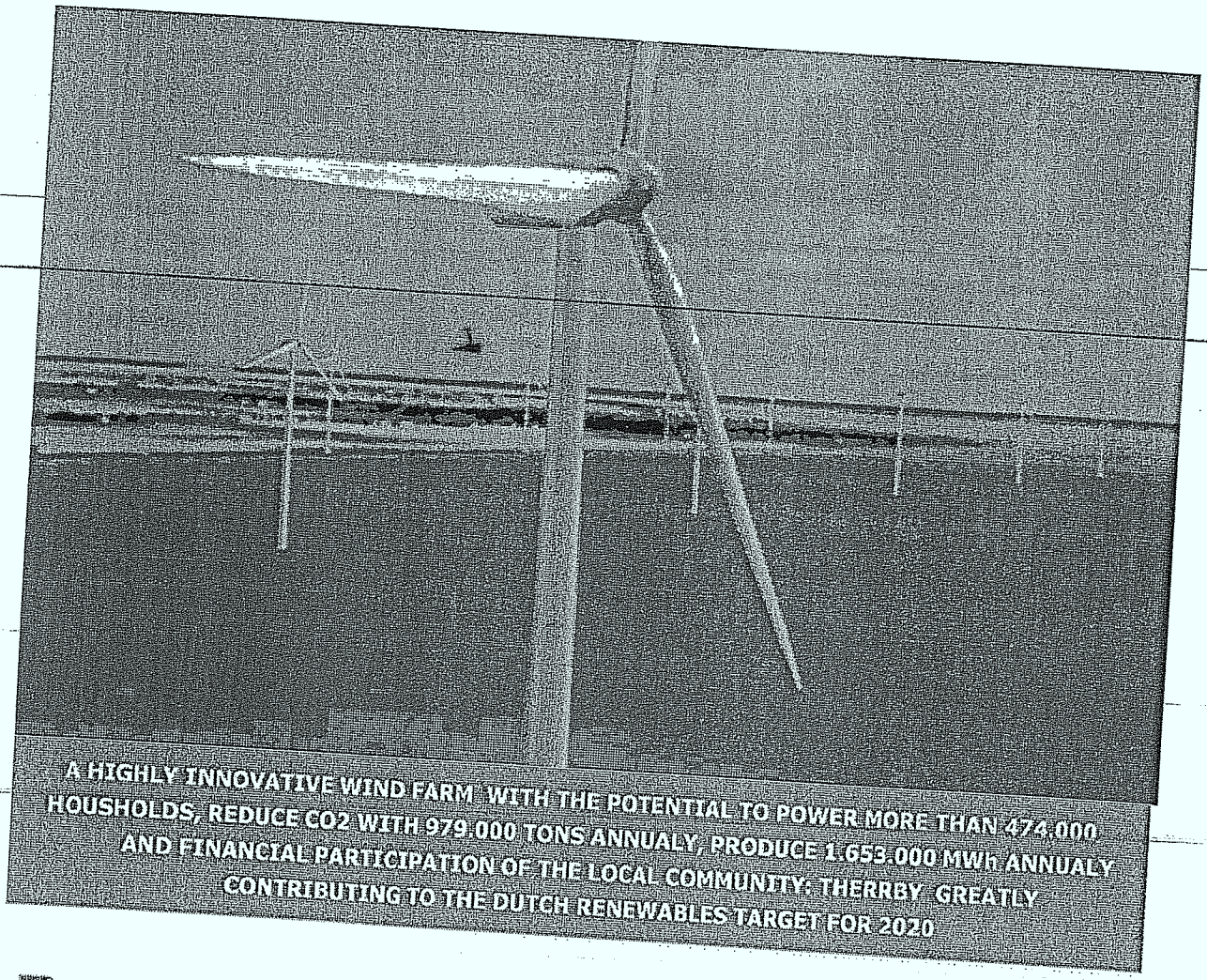
Confidential

Project Wind Park Noordoostpolder **Information Memorandum**

For:

Ministerie van Economische Zaken



Koepel Windenergie Noordoostpolder

July 16th, 2009

Briefing to the Ministerie van Economische Zaken

The offered onshore and nearshore 366-518 MW Wind Park Noordoostpolder ("Project") is the most significant actual or proposed wind project in The Netherlands. At February 2009, the total wind installed capacity accounted for 2,216 MW in The Netherlands; the Project has the potential to increase the wind energy generated by 25%, significantly realising the Dutch Governments renewable energy targets. The Project contributes significantly to CO2 reduction with up to 978.916 tonnes CO2 annually, depending on the to be chosen design of the wind park and size of the turbines. The Project could generate sufficient power for up to 472.052 households. The local community will be offered to participate financially in Wind Park Noordoostpolder.

The Project costs for the onshore Wind Park with MW turbines can be met with the current Stimulering Duurzame Energieproductie ("SDE"). It is recognised that neither the onshore wind turbines utilising MW turbines, nor the nearshore turbines are economic under the current onshore SDE mechanism. However, building the onshore part of the Wind Park with large turbines as well as building the nearshore part of the Wind Park is significantly less expensive as building offshore Wind Parks.

It is therefore proposed the SDE mechanism could support larger onshore as well as the nearshore turbines with two new additional SDE categories: one for onshore wind utilising MW turbines and the second for nearshore wind. It is also hoped The Minister would endeavour to support all aspects of the project, including supporting where possible the permitting process. The project organisers in return, with the recommended additionally SDE categories as above and timely permits, expect to reach financial close late , with building commencing in , and delivering the maximum capacity of the Project by

The following table summarises the likely turbine scenarios for the Project.

The combination of MW turbines onshore and MW turbines nearshore is the most attractive scenario in terms of realising a unique 483 MW wind park at costs much lower compared to offshore wind. For the Ministerie van Economische Zaken an Information Memorandum has been produced, which provides the offer, background, renewable energy production, environmental benefits, local participation and economic justification of the "design–build–finance–operate" of Wind Park Noordoostpolder.

Executive Summary

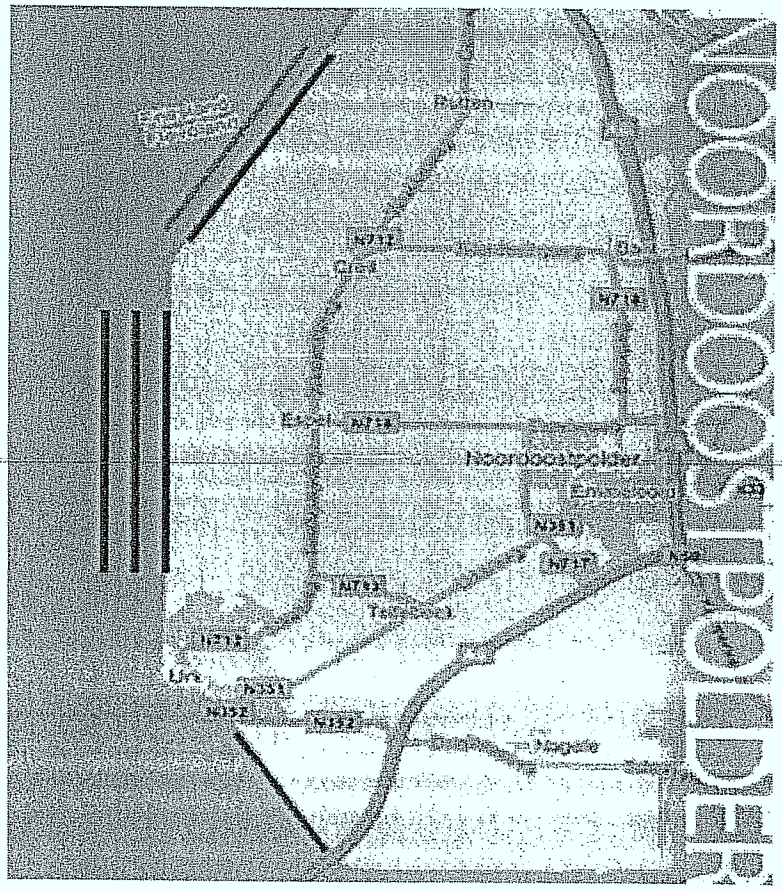
Renewable Energy Targets

The European Union renewable target for 2020 requires The Netherlands to achieve 14% of energy consumption from renewable sources, which requires the delivery of 12,000 MW of wind-powered capacity by 2020. As at February 2009 the total installed wind capacity accounted for 2,216 MW.

Noordoostpolder is an ideal location for Wind Park development. The wind rich location allows for optimal wind power generation. The proposed Wind Park Noordoostpolder has the potential to be the largest Wind Park in the Netherlands with a target capacity of 366-518 MW. The Project therefore has the potential to increase the amount of generated wind energy in the Netherlands by approximately 25%.

The key attributes of the projects comprise:

- The Project will contribute significantly to CO_2 reduction with up to 978.916 tonnes CO2 annually, depending on the size of the turbines;
- The Project will generate power for up to 474.052 households;
- The Project will provide a large contribution to the renewable energy targets in the Netherlands;
- The Project will create employment and will allow the local community to participate financially.



Wind Park Noordoostpolder comprises

- **Noordermeerdijk binnendijks** – Onshore, a row of 20 x 3 MW or 11 x 7,5 MW turbines;
- **Noordermeerdijk buitendijks** - Nearshore, in the vicinity of the Amsterdam - Lemmer channel, parallel to the Noordermeerdijk, a row of 13 x 3,6 MW or 11 x 5 MW wind turbines;
- **Westermeerdijk binnendijks** – Onshore a row of 26 x 3 MW or 17 x 7,5 MW turbines, replacing the existing line of 50 wind turbines located along Westermeerdijk;
- **Westermeerdijk buitendijks** – Nearshore a double row, parallel to the Westermeerdijk, comprising 42 x 3,6 MW or 36 x 5 MW wind turbines;
- **Zuidermeerdijk binnendijks** – onshore a row of 10 x 3 MW or 8 x 7,5 MW turbines, replacing the existing line of turbines located along Zuidermeerdijk.

Project Organisation

The Koepel, established in 2002, is the founder of the Wind Project Noordoostpolder. The Koepel is an association, by covenant, of the four founding ventures representing the onshore landowners and the organisation that develops the nearshore part of the Project for placing the turbines in the IJsselmeer.

The Koepel is unanimously supported by the local and regional governments and written down in a resolution by the council of the Noordoostpolder. The covenant provides for local inhabitants ownership participation in the Project, thereby contributing to the socio-economic development of the Noordoostpolder.

In 2008 the Stuurgroep was established to facilitate the implementation of the Project and to align the interests of the national, provincial and municipal governments, local inhabitants and the Koepel.

The Project is being developed on behalf of the Koepel by Ventolines, who also develop and operate Wind Parks in the Province of Groningen and individual wind turbines in the Noordoostpolder. Ventolines is in turn supported by the following organisations: AE Wind (wind park technical design), Ernst & Young (financial model), Linius Capital (business case development and financing), Blue Bear Energy, PMSS (wind park development) and Pondera Consult (permit procedure).

Programme

The Koepel and governmental bodies have completed the initial phase of locational planning and are in the process of attaining mandatory licenses and permits. The realization of a Wind Park is bound to several public procedures. The procedures are connected to the spatial plan in which the location of the Wind Park is captured, and to the licensing. Because the prospected Wind Park is larger than 100 MW a special procedure, the 'Rijkscoördinatieregeling' (National Coordination Scheme) is applicable that coordinates the licensing of the different permits, from different authorities. Also because of this procedure the authority for adopting the spatial plan is shifted from the local municipality to the Minister of Economic Affairs.

Dialogue is progressing with people who object to the Wind Park with a strong role for both the Stuurgroep and the Koepel.

Subject to all parties cooperating and with Ministerial support, the Project should receive the final licences in last quarter of 2010, with financial close anticipated Q4 of 2010 or Q1 of 2011.

Therefore commencement of construction is expected in 2011-2012, with first energization to the grid in 2012-2013, with operation ongoing until at least 2033.

Business Case

It is proposed the SDE mechanism could support larger onshore and the nearshore turbines with two new additional SDE categories for: one shore wind utilising 7,5 MW turbines; and one for nearshore wind.

It should be noted the 2012 prices and consequently the calculated SDE's are considerably higher compared to 2009 values because of indexation of the prices. As an example, Siemens calculates an annual indexation of %; this means Siemens turbines are about % higher in price in 2012 compared to 2009. Indexation is different for each supplier.

The Koepel has calculated with an equity IRR of %: this is % lower compared to the % equity IRR used in the ECN calculations. This way, the Koepel shows its commitment to offer the Project at a modest pricing.

It is also hoped The Minister would endeavour to support all aspects of the project, including supporting where possible the permitting process.

The following table summarises the likely turbine scenarios for the Project.

Westermeerdijk binnendijks
Currently, there are 50 x 0,3 MW turbines located along Westermeerdijk. To build the Westermeerdijk onshore component of the Project these turbines will have to be removed at a certain point in time; either when permission are given to build Wind Park Noordoostpolder, or the 50 turbines may be removed later in 2016 at the end of the existing turbine/project life.

Project Finance
Offers have been received from turbine manufacturers, as well as from construction companies, suppliers and other involved parties. Therefore, pricing is accurate.

. However, the Project has received serious interest from the and a number of other banks from the Netherlands, Europe and Asia, suggesting appetite for large project debt financing is still positive.

To date the founders have funded the development costs.

Key Factors for the Project
The total proposed project is not fully financial feasible based on current building and equipment costs, electricity prices, costs of finance and importantly doe not fit within the current SDE support mechanism.

However, based on a detailed analysis of the costs and financially modelling the Project, utilising the ECN approach, the project would be economic subject to additional SDE support as described in the table above.

This Information Memorandum is part of the following package of information for the Ministerie van Economische Zaken:

- a Letter from the Koepel to the Ministerie describing the calculated required SDE's for a Wind Park with onshore large turbines (7,5 MW) and nearshore turbines;
- the Information Memorandum describing the contribution of Wind Park Noordoostpolder to the renewable energy targets of the Netherlands Government as well as presenting the background project information and financial assumptions used to calculate the required SDE's;
- a Financial Model used to calculate the economics of the Projects;
- a Data Room with all relevant documents used in the financial calculations.

With this information, the Ministerie van Economische Zaken will be able to verify the reliability of the information used to calculate the Wind Park performance as well as the financial calculations.

The Wind Park Noordoostpolder originator, the Koepel, has prepared this offer with care and remains fully available to discuss the background data and calculations as well as to give further details as required.


Windenergieproject
in de Noordoostpolder

Information Memorandum

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1. Introduction

This document aims to provide a basis for discussion between the Ministerie van Economische Zaken and the Koepel for the Wind Park Noordoostpolder (Wind Park Noordoostpolder) project in order to progress the process to achieve an economically viable project and contribute significantly to the renewable energy targets of the Dutch government.

The offered Project requires both the SDE to be determined for the onshore components of the Wind Park utilising large onshore turbines ( ), as well as for the nearshore part of the Wind Park. The Netherlands Government is proposed to support the project by introducing the additional SDE categories.

This document presents an indicative business case for the Wind Park. The objective of the business case is to outline the contribution the project can offer to the Dutch renewable targets as well as to give insight into the project economics.

The business case preparation has been managed by Ventolines for the Koepel Windenergie Noordoostpolder with input from AE Wind, Ernst & Young Transaction Advisory Services, Linius Capital, Blue Bear Energy, PMSS and Pondera Consult.

The parameters used in this presentation have been estimated based on offers and discussions with key industry parties, such as . A number of project assumptions are dynamic in time and therefore may change. Examples of such assumptions are: turbine sector supply-demand dynamics and effects on turbine prices; forecasted evolution of grey electricity prices; and the interest rates and terms for obtaining project finance. If assumptions were to change in the future this may materially impact the outcomes of this business case. Nevertheless, the calculations submitted by the Koepel reflect current prices and are appropriate to determine the required SDE to support the Project.

The underlying calculations performed to analyse the business case are based on a proprietary financial model prepared by E&Y. The model calculates the economics for each of the key variables and is based on similar principles as the publicly available ECN model. The integrated financial model has been adapted by E&Y for the Wind Park Noordoostpolder.

The Project is not only unique in its size and projected output volume, but also in terms of efficiency, pioneering the new frontier of ultra large-scale wind turbines and nearshore technology. The Koepel is seeking to collaborate with turbine manufacturers

This research and development combined with the development of large scales projects like Wind Park Noordoostpolder will aid the transfer of knowledge and holds the potential to improve the future of wind power in The Netherlands. Additionally Wind Park Noordoostpolder will create new jobs and diverse the agrarian economy of Noordoostpolder.

2. Government Position and Support for Renewable Energy

The European Union set out an ambitious target for its member states in regard to renewable energy; 20 % by 2020. As a result, the Netherlands needs to achieve 14% of energy consumption from renewable sources by 2020 to deliver this target.

The Dutch government aims to realise a total of 12,000 MW of wind-powered capacity by 2020. The proportion onshore and offshore account for respectively 50%-50% of the total. By February 2009, the total installed wind capacity accounted for 2,216 MW.

The Dutch support mechanism for renewable energy is effectuated in the Stimulering Duurzame Energieproductie ("SDE") and in the Energie-Investeringsaftrek ("EIA"). The SDE resembles a feed-in tariff, where producers receive a premium covering extra costs on top of the wholesale energy price. The premium will be provided to the generator of green power for a maximum of 15 years. The level of the premium and the duration of support will vary with each technology, e.g. biomass, solar, wind, etc. The premiums also fluctuate dependent on the wholesale price of electricity. The Dutch government has budgeted a maximum of EUR 6.6 billion of SDE subsidies to cover the period 2008-2011.

The government on an annual basis reassesses the premium. In 2009, the premium attributable to wind energy amounts to EUR 32/MWh. Government calculations assume an average cost price for wind power of approximately EUR 94/MWh. This calculated figure refers only to onshore wind production. The current SDE regime does not provide a separate category for nearshore wind production. A special SDE regime is in development for offshore Wind Parks.

Recently (June 2009), ECN published the preliminary SDE for onshore wind for 2010 of €0,095 / kWh.

The SDE is payable on the first 2,200 full load hours of production. Generation in excess of the 2,200 full load hours produces revenues at the wholesale electricity price.

Apart from the SDE, green power project developers receive a tax stimulus referred to as the Energie-Investeringsaftrek or Energy Investment Deduction scheme. The EIA is a scheme providing tax incentives to investments in renewable energy projects. The government has recently introduced an additional tax stimulus: Vervroegde Afschrijving (VA). Costs made in 2009 and 2010 for investments that become operational before 2013 can be deducted in two years. Wind Park Noordoostpolder will investment in and and become operational in Consequently, the current VA is

3. The Wind Park Noordoostpolder

3.1 Introduction

The Wind Park will be the largest Wind Park in the Netherlands

The Project has the potential to immediately boost the amount of generated wind energy in the Netherlands by approximately 25%.

The Project contributes significantly to CO2 reduction

The Project creates employment and will provide a large contribution to renewable energy experience in the Netherlands. Consequently, the Project can contribute significantly to the Dutch renewable energy target for 2020.

3.2 Wind Characteristics and Location

The Noordoostpolder is an ideal location for Wind Park development. The wind rich location allows for optimal wind power generation.

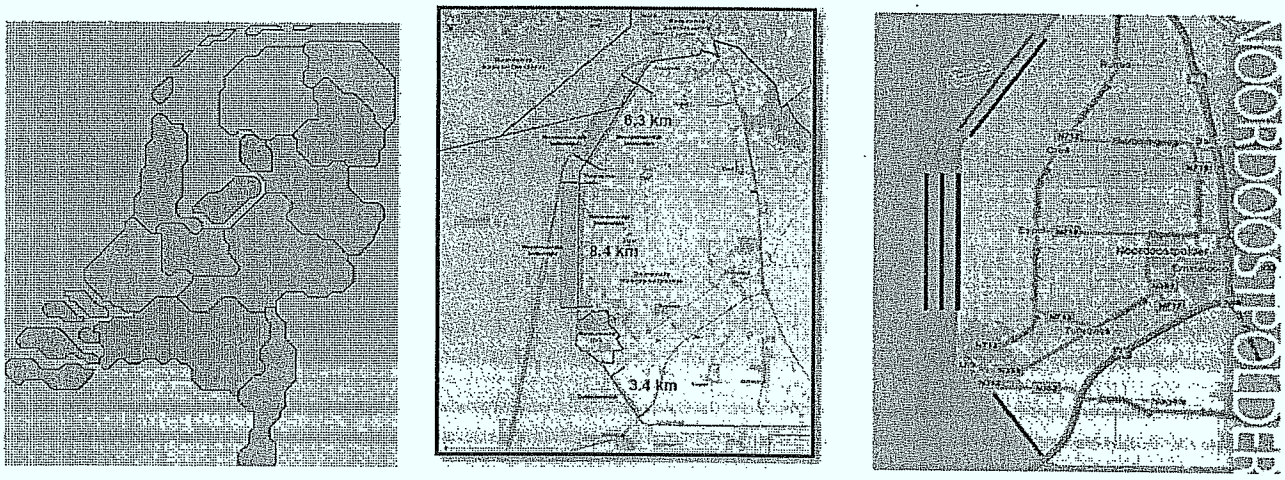
Noordoostpolder is considered a wind rich environment with high velocity of wind, where turbines with a height between of 70 and 135 meters, would yield on optimal power output. The current Project location is deemed an optimal site for wind generated power and combines the advantages of favourable wind conditions with the use of novel, highly innovative, ultra large scale wind turbines in order to maximise the amount of full load hours generated.

Another consideration in favour of the Noordoostpolder location is that much experience has already been gained by way of the construction of onshore and offshore Wind Parks in the Netherlands. Therefore, the Koepel favours the development of nearshore Wind Parks located in the vicinity of the IJsselmeer over offshore Wind Parks in the North Sea. In addition, higher capital expenditures for the construction of offshore Wind Parks and the higher associated maintenance expenses, would require maximum subsidy from the government to yield an acceptable internal rate of return for offshore Wind Parks.

An overview of the project locations is listed below:

Noordermeerdijk binnendijks: At the location Noordermeerdijk binnendijks, wind turbines will be installed in line-up formation along the area within the dike. Research conducted on environmental effects of the Wind Parks considered 3 MW and 7,5 MW wind turbine classes. In case of 3 MW wind turbines, 20 wind turbines can be situated at this location. If 7,5 MW (or higher) turbines were to be situated at the location Noordermeerdijk binnendijks, total number of wind turbines would amount to 13 turbines.

Noordermeerdijk buitendijks: At the Noordermeerdijk buitendijks location in the near vicinity of the Amsterdam - Lemmer channel, but parallel to the Noordermeerdijk, wind turbines will be installed in line-up formation. Average water depth around the nearshore Wind Park is around -4 till -5 meter NAP. The distance between the line-up formation of the wind turbines and the Noordermeerdijk amounts to approximately 900 meters. Some of the turbines will be sited in the municipality of Lemsterland, as the Noordermeerdijk buitendijks project is situated in between the municipalities of Noordoostpolder and Lemsterland. Research conducted on environmental effects of the Wind Parks considered 3.6 MW wind turbines. In case of 3.6 MW wind turbines, 13 wind turbines can be situated at this location, and alternatively 11 x 5 MW turbines.

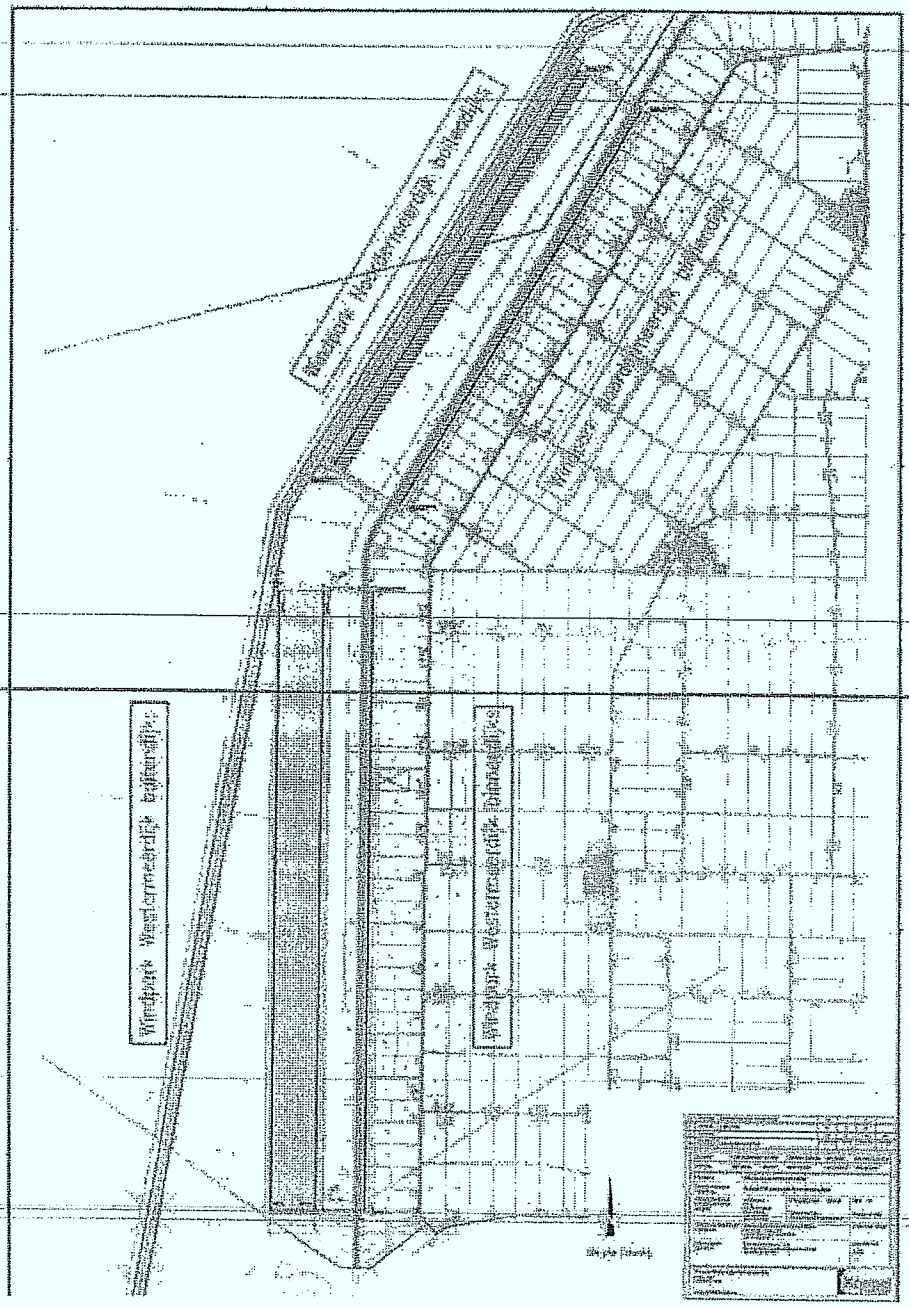


Westermeerdijk binnendijks: Wind turbines will be situated at the Westermeerdijk binnendijks location in a line-up formation. Currently, there are 50 x 0,3 MW turbines located along Westermeerdijk. To build the Westermeerdijk onshore component of the Project these turbines will have to be removed at a certain point in time; either when permission are given to build Wind Park Noordoostpolder, or the 50 turbines may be removed later in 2016 at the end of the existing turbine/project life. Research on the environmental effects of the proposed Wind Parks restricts the use of 3 MW and 6 MW (or higher) wind turbines. When these environmental effects are considered, 26 × 3 MW wind turbines or 17 × 7,5 MW (or higher) wind turbines can be situated at current project location.

Westermeerdijk buitendijks: At the location Westermeerdijk buitendijks wind turbines are installed in a double line-up formation, parallel to the Westermeerdijk. Research conducted on environmental effects of Wind Parks justifies the use of 42 ×3.6 MW wind turbines, or alternatively 35 x 5 MW turbines.

Zuidermeerdijk binnendijks: Along the Zuidermeerdijk wind turbines will be situated in a lie-up formation. Beforehand, the wind turbines currently cited on the Zuidermeerdijk and in the near vicinity of several parks will be removed. Research conducted on environmental effects of the Wind Parks not only considered the use of 3 MW and 7,5 MW wind turbine classes, but contemplated on the use of 1.5 - 2 MW turbine classes at the Zuidermeerdijk location as well. Smaller wind turbines are considered with regards to the restrictions of turbine size (i.e. height) governed by the Province. In case of 3 MW wind turbines, the number of wind turbines is restricted to 10 wind turbines. When 7,5 MW (or higher) are considered, 8 wind turbines can be situated at the proposed location.

With regards to the Zuidermeerdijk project it is notes that the initiators of the project own the wind turbines, currently installed at the Zuidermeerdijk and in the near vicinity of several turbines. For more information we refer to Essent, one of the shareholders of Zuidermeerdijk.



3.3 Fundamentals of the Project

Firm basis for the development of the Project by the covenant between the founders of the Koepel in 2002, unanimous supported by the local and regional governments and written down in a resolution by the council of the Noordoostpolder

The Initiative. In the mid 90-ties the initiative was started by individual local farmers. The farmers united in several entities: these organisations are still the legal entities behind the development of the different parts of Wind Park Noordoostpolder. Early in this century the different entities joined forces in an association: the Koepel.

The Convenant. In 2002 a covenant was signed between the developers of the Project with the objective to realise a significant onshore and nearshore Wind Park in the Noordoostpolder and the IJsselmeer. The covenant was unanimous supported by the local and regional governments; with the council of the Noordoostpolder supporting by drafting of a resolution. An important rationale for the covenant was the objective by provincial and municipal governments to concentrate Wind Park development in to single locations, instead of building windmills all over the place. In return for this support, the local developers agreed to only prepare for a plan along these lines and not to prepare plans outside the covenant. For nearshore the Domeinen offered a land lease to the local developer and herewith Domeinen makes it possible to build in the IJsselmeer. T[illegible]od.

The Koepel. In 2002 the Koepel was formed to align the interests of the developers, to provide one counterparty for the government, and to coordinate the last part of the development phase. The Koepel is an association and the founders of the Koepel are the four ventures representing the onshore landowners and the organisation that develops the nearshore part of the Wind Park for placing the turbines in the IJsselmeer. The wind project development company for the Koepel is Ventolines . Ventolines develops and operates Wind Parks in the Province of Groningen and individual wind turbines in the Noordoostpolder.

Participation. Local inhabitants will get the opportunity for ownership participation in Wind Park Noordoostpolder. This way the local inhabitants can generate income, become involved and their participation contributes to the socio-economic development of the Noordoostpolder.

Resistance. Currently there is some resistance against the wind park from the municipality of Urk and from a number of individual inhabitants. The Stuurgroep and the Koepel take the resistance most serious.

The Stuurgroep. Establishment of the Stuurgroep in 2008 to support the realisation of the Project and align the interests of the national, provincial and municipal governments, local inhabitants and the Koepel. The Stuurgroep is financed by the governmental participants (75%) and the Koepel (25%). The Province of Flevoland and the Municipality Noordoostpolder support the development of the Project.

3.4 The Koepel Organisational Structure

The Koepel is made up of five ventures, each venture is managed by a "project principal". The five project principals joined forces in order to accomplish the development of this large-scale wind energy project. Further detail regarding the project principals is provided in Appendix A.

The initiators of the five large-scale wind energy ventures founded the Koepel in a joint effort to effectively manage the project from start to finish. The Koepel is incorporated as an association that serves the common interest of the initiators in the area of project development, including initial planning, environmental research, communication with local government and the media. The board of the Koepel comprises representatives of the different project principals, an independent chairman, a secretary and a project coordinator. The Koepel interfaces with the Stuurgroep.

The Koepel is an organisational structure specifically designed for the current development phase of the project.

The Project will come into another phase after agreements between the Koepel and the government about the onshore and nearshore components of the wind park and after submitting the final application for the permits in Q3 of 2009. That will be the transition to the next phase; anticipating obtaining the permits, preparation of the final design of the Wind Park and preparation for financial close. The Koepel currently works out the best organisational structure to achieve these milestones and to prepare for the building phase.

with an EPC (Engineering, Procurement and Construction) for the design, engineering and building activities and an O&M (Operation & Maintenance) for the operational management of the Wind Park after completion.

Under an EPC Contract a contractor is obliged to deliver a complete facility to a developer who need only 'turn a key' to start operating the facility, hence EPC contracts are sometimes called turnkey construction contracts. In addition to delivering a complete facility, the contractor must deliver that facility for a guaranteed price by a guaranteed date and it must perform to the specified level. However, the Koepel may also choose for two or more separate contracts: multi-contracting. The more contracts the more interfaces between the contracts and the more management needed. On the other hand, turn-key contracts may become too expensive because the risks may get priced at a high level. Also, onshore and nearshore may involve different contract parties due to the different turbine suppliers and the different nature of building foundations and erecting the turbines onshore and nearshore. This will all be worked out in the second half of 2009 and first half of 2010.

The same applies for the O&M Company that also has to deliver its services under the conditions signed for at financial close.

3.5 The Steering Committee

The Stuurgroep is a single body, which represents all national, regional and local and governments involved in bringing the Project to fruition.

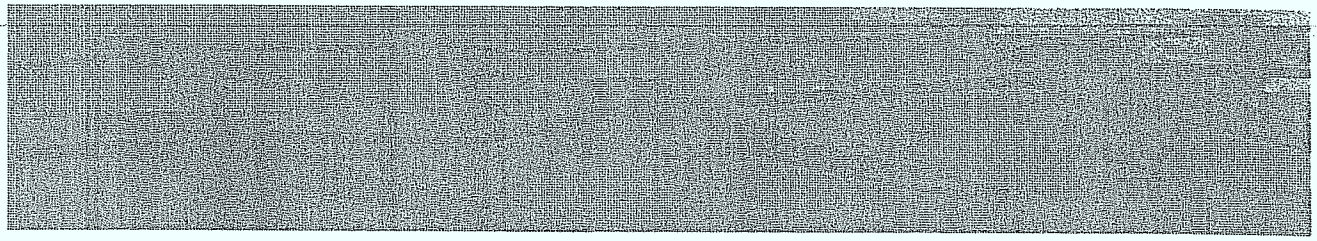
Through the Koepel and the Steering Committee structure, a large number of stakeholders can communicate effectively and efficiently allowing for fluent decision-making. The Steering Committee has as its goal to seek a balanced approach, where environmental goals match feasible financial targets.

Ms Bliek - De Jong, Gedeputeerde from the province of Flevoland, heads the Steering Committee. Mr. Dirk Louter, independent, is the director of the Steering Group.

The following parties are part of the Committee:
- The Province of Flevoland;
- The municipality of Noordoostpolder;
- The Koepel
- Ministry for Housing, Spatial Planning and the Environment (VROM);
- Ministry of Agriculture, Nature Management and Fisheries (LNV); and
- Ministerie van Economische Zaken (EZ).

The Steering Group has also taken the lead in the communication about the Project. A visit of Mrs. M. van der Hoeven, Minister of Economic Affairs, to the area was organised by the Steering Group in April 2009. An "Information Caravan" is also organised by the Steering Group and has started in June 2009.

3.6 Participation Model

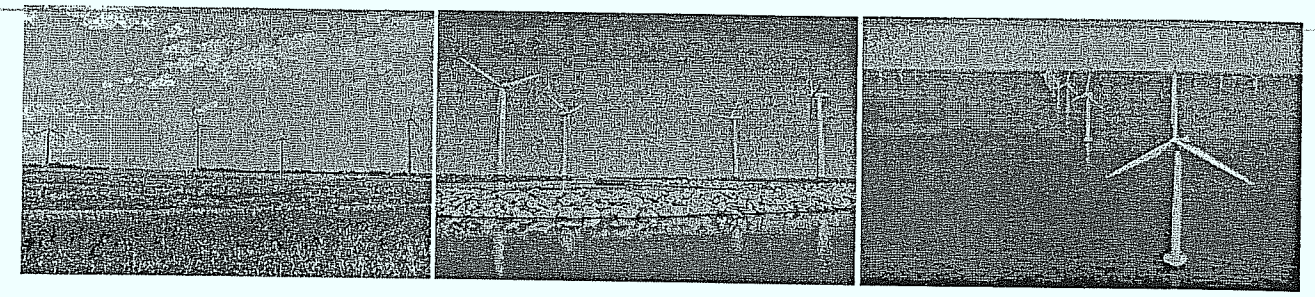


In order to realise the prospected Wind Park in the Noordoostpolder, local residents will have the opportunity to participate in the Project. Local residents may invest up to 75% in the nearshore Wind Park. This offer is made to the residents of the municipalities Noordoostpolder and Lemsterland. However, it is currently also considered to offer this opportunity to the residents of Urk. Also, after offering the opportunity to participate to inhabitants of the mentioned municipalities the offer could be extended, if all parties agree, to inhabitants of the Province of Flevoland.

The investment opportunity grants residents the prospect of generating supplementary income. In addition to the monetary gains, their investment in the project will contribute to an increase in the generation of renewable power. Furthermore, the model offers the agrarian community in the Noordoostpolder an opportunity to diversify their risk, by investing in a less volatile business, i.e. wind project development.

Currently, discussions are being held with a number of financial institutions. The Koepel has made a first Memorandum about the Participations for the Stuurgroep. The Koepel will make a design for the Participation in the summer of 2009 in co-operation with members of the Stuurgroep. . It is currently considered to issue the product after commissioning of the park such that the buyers are not exposed to risks during construction. However, this is not decided and open for discussion. The development and distribution of the product has to meet all regularly standards. The to be selected financial institution(s) should be reliable, credit worthy, experienced, have distribution power and be a logical partner in the realisation of Wind Park Noordoostpolder.

3.7 Onshore, Nearshore and Offshore comparison



The prospected turbines and Wind Parks are to be deployed at onshore and nearshore locations in the vicinity of the Noordoostpolder. The onshore Wind Parks will be positioned along the Noordermeerdijk, Westermeerdijk and Zuidermeerdijk. The deployment of the nearshore Wind Park is considered along the Noordermeerdijk and the Westermeerdijk. Nearshore Wind Parks are a novel concept that can help expand the overall installed capacity substantially. Nearshore wind power shares the characteristics of offshore but offers several key benefits.

The popularity of offshore wind development is growing rapidly worldwide. This is primarily because, offshore generates substantially more power than onshore Wind Parks due to stronger winds. Moreover, they do not occupy any land and are less hindering to their environment. However, offshore turbines are more costly in terms of procurement, maintenance, installation and grid connection.

Although nearshore Wind Parks offer almost similar advantages as their offshore equivalents, nearshore Wind Parks are less costly than offshore sites, due to:
-Fewer costs associated with laying the foundations;
-Shorter power cables are needed to connect the turbines to the power grid; and
-Lower maintenance costs are incurred compared to offshore Wind Parks.
Furthermore, nearshore compares well to onshore in, that it is less intensive on it's surrounding, in terms of noise and scenery.

The use of nearshore Wind Parks is unprecedented. The Netherlands would be one of the first countries worldwide to build a nearshore Wind Park on such a large scale (198-235 MW). The project has already attracted considerate attention from abroad.

Nearshore Wind Parks are, however, more expensive compared to on hore Wind Parks for the following reasons:

- Offshore foundations are generally more challenging even in shallow, calm water
    - General material need is higher due to increased depth and heavier environmental loading
    - Heavier foundations are needed
    - Scour issues around the foundations, particularly in softer soils - protection necessary
    - Soil investigations are much more complex and expensive than normal onshore projects

  - The installation requires a special installation vessel or barge large enough to ensure a stable and safe installation process. These vessels are at a premium and are therefore expensive
  - Weather risk - even in calm water there is an installation window that you have to fit, simple inexpensive barge solutions have narrower installation windows compared to real offshore installation vessels that can jack-up.

- Turbine installation is much more complex in water
  - The installation also here requires special installation vessel or barge large enough to ensure a stable and safe installation process. These vessels are at a premium and therefore more expensive.
  - Most likely it will only be possible to transport one turbine at a time on the barge size that can pass the Lelystad locks, which means that we will have to have multiple transport barges in rotation to be able to fully support the installation vessel
  - Availability of installation barges with jack-up or semi jack-up abilities are limited, especially equipment that can pass the lock system
  - Installation crane can be a normal on-shore crawler crane temporarily placed on the barge
  - Weather risk - even in calm water there is an installation window that you have to fit, simple barge solutions have narrower installation windows compared to offshore installation vessels that can jack-up.

- Transportation is complex even compared to some of the nearshore north sea projects
  - Double handling, meaning adding a process of shipping parts from manufacturing to a preassembly port in NL.
  - Weather risk –transportation is weather sensitive, adding potential additional costs and delays to the programme, but much less compared to offshore.

- Electrical infrastructure
  - Marine cables themselves have a completely different construction and price structure than onshore cabling, especially for salt-water environment.
  - The installation of cables at sea will be much more expensive than installation onshore. The reasons for this are the same as for foundations and turbine installation mentioned above, namely:
    - The need for specialist barges and equipment, which is significantly more expensive than onshore installation equipment
    - The weather risk, which will result in programme delays and increased costs
    - Accessibility to the site, which is likely to mean the doubling handling of cables.

- Dike crossing
  - As most Dutch people are aware, the dike crossing exercise is a delicate procedure that is more costly than a normal sea defence crossing for an export cable in a North Sea offshore park.

- Turbines
  - The proposed turbine types for this project are standard turbines in the Siemens program; there are very little differences between the onshore and offshore-located turbines. The main differences are:
    - The surface treatment of the turbines will have to fit the nearshore environment and this is the case for all similar locations across Europe

- Operations and Maintenance
  - The turbines will require marine access for annual servicing and unplanned maintenance activities. This will require marine logistics and a support base. This will add costs to the ongoing O&M budget for the Wind Park;
  - Additionally, there may be periods in the winter months when it is not possible to access a turbine that requires repair (due to weather / sea conditions). This will add to los revenue time.

The Technical University of Delft has prepared a Technical Memorandum about the technical differences between a Wind Park onshore and the nearshore Wind Park Noordoostpolder. The Memorandum, in the Dutch language, is attached in Appendix III.

Cost of offshore Wind Parks are compared in the study "Costs of and financial support for offshore wind", a report of the Department of Energy and Climate Change of United Kingdom by Ernst & Young, April 2009. The report is available in the data room.

The conclusions of the report are as follows:
- The analysis indicates that offshore wind projects at or near financial close in January 2009 have considerably higher costs than in E&Y's analysis completed in April 2007.
- Average capital costs have doubled over the last five years to c.£3.2m/MW (€3,776m/MW at the exchange rate of June 1, 2009); the cost increase appears largely driven by supply chain constraints for components (e.g. wind turbine generators) and services (e.g. installation), and also to a lesser extent recent fluctuations in Euro Sterling exchange rates and commodity prices.
- Average expected operating costs have increased c.65% over the same period to c.£79k per MW per annum; the cost increase appears largely driven by greater experience of running such projects and also a change in O&M philosophy by offshore wind operators which now seek to adopt a more proactive maintenance approach with a view to extending the life of their assets.
- Cost reductions, both in terms of capital and operating costs, could be anticipated in future for projects of similar technical characteristics to those being developed today, if there is sufficient offshore wind deployment to provide opportunity for industry learning and if supply chain constraints, such as supplier dominance and capacity shortages, are overcome through new entrants and investment in new production respectively.

The estimated CAPEX of about .s similar as calculated for an offshore Wind Park Clearly, comparison has to be done in detail because in one case the connection to the grid may be part of the CAPEX while in others it is not part of the CAPEX. Also, in some estimated the margin on the financing during construction is part of the price / MW and in other cases it is not. However, it seems fair to say that in general the CAPEX of offshore Wind Parks is currently at least about in the first half of 2009. It is even not yet proved that currently it is possible to build offshore for this price. In Germany, the research offshore Windpark .s currently build. This park is build at a CAPEX of about about higher as originally calculated. Indexed at a year the would be in 2012. Indexed at a year the would be in 2012. In other words, 2012 offshore prices in the order of seem to become realistic.

Operation and maintenance costs are also considerably higher offshore compared to onshore, see also E&Y 2009. This mainly has to do with the number of days the offshore parks cannot be reached by vessel. Nearshore costs are somewhere in between but more close to onshore in case of the IJsselmeer.

3.8 Permitting

Public procedures

The realization of a Wind Park is bound to several public procedures. The procedures are connected to the spatial plan in which the location of the Wind Park is captured, and to the licensing. Because the prospected Wind Park is larger than 100 MW a special procedure, the 'Rijkscoördinatieregeling' (National Coordination Scheme) is applicable that coordinates the licensing of the different permits, from different authorities. Also because of this procedure the authority for adopting the spatial plan is shifted from the local municipality to the Minister of Economic Affairs.

Spatial plan

The location of Wind Park must be captured in a spatial plan. In this plan the chosen location for the Wind Park is motivated and the boundaries for the location are set. Next to that the plan contains specific requirements that have to be met. Typically for a Wind Park these requirements are targeted on the dimensions of the wind turbines (maximum height for instance) and the distances between the wind turbines.

For the spatial plan a strategic environmental assessment (SEA) is mandatory because of the potential environmental impact. The SEA supplies the environmental information necessary for the decision on the spatial plan. The SEA focuses on the choice for the Noordoostpolder as location for the Wind Park. The SEA is integrated in the environmental impact assessment (EIA) for the Wind Park. The set up of the SEA is discussed with the Ministery of Economic Affairs, the Ministery of Housing, Spatial Planning and Environment, the independent EIA Commission and Stibbe.

The procedure for the spatial plan will be coordinated with the procedures for the permits.

Permits

A large number of permits is required to be able to build and operate the Wind Park. In a normal situation the procedures for the permits are scattered over multiple governments, and have different procedures (time, number of moments for public consultation). For the Windpark Noordoostpolder a specific procedure is applicable. Based on the fact that the Windpark is larger than 100 MW the national coordination scheme is applicable. Based on this scheme all relevant procedures are subject to the standard procedures from the Algemene wet bestuursrecht. There are to public consultation rounds and there is only one possibility for appeal.

The original authorities are still responsible for granting the permit but the Minister of Economic Affairs, in consultation with the authorities, determines the time that is available for reviewing applications and granting the permits.

The main advantage of the national coordination scheme is in:
- Coordination and checking of granting (time)
- One possibility of appeal, within 6 months after the last public consultation

Authorities and permits
As mentioned a large number of permits is necessary for building and operating the Wind Park. A short overview of the most relevant permits is presented here with the relevant authority.

Permit	Authority
Environmental permit	Municipality of Noordoostpolder, Province Flevoland
Building permit	Municipality of Noordoostpolder and Municipality of Lemsterland
Nature conservation permit	Province Flevoland
Exemption Bird- and Habitat directive	Ministry of LNV
Permit National Waterworks (Wet beheer Rijkswaterstaatswerken)	Rijkswaterstaat
Exemption water authority	Waterbod Zuiderzeeland
Several municipal permits (roads, Construction)	Municipality of Noordoostpolder
Discharge permit	Waterboard Zuiderzeeland
Groundwater permit	Province Flevoland

3.9 Grid connection and electrical works

Grid connection

The existing high voltage network runs through the southwest of the Noordoostpolder, from Lelystad to Ens.

4. Selection of Turbines

4.1 Considerations

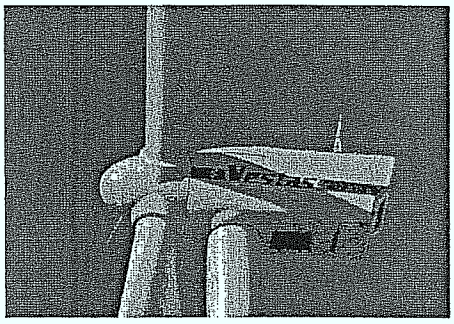
The final design of the projected Wind Park is dependent on several key considerations. The most important is the choice of the turbine.

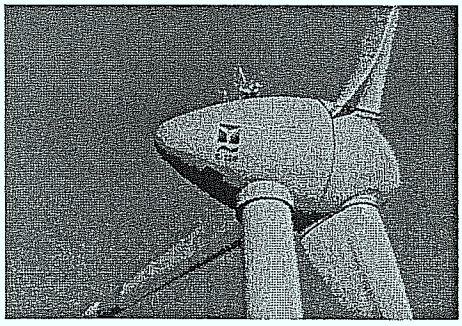
Onshore Wind Park. There are two designs for the onshore Wind Park. One with turbines in the 2-3 MW turbine categories and one with turbines in the 6-7+ MW turbine categories.

The prospected onshore locations allows for the deployment of 38 turbines of 7,5 MW as a substitute for the projected 56 turbines of the 3 MW type. The 7,5 MW model can increase the total installed capacity by 117 MW.

Nearshore Wind Park. The Project is designed to include 198 MW of installed capacity located at nearshore locations: 55 turbines of 3.6 MW. Alternatively, 5 MW turbines are also examined: 47 turbines with an installed capacity of 235 MW. Nearshore Wind Parks benefit from sea winds which increases their power output. Nevertheless, the required CapEx to build a nearshore Wind Park are substantially higher than for onshore Wind Parks and less expensive than offshore. The current SDE regime does not contain a separate category for nearshore generation.

4.2 Size of Turbine





One of the key policy considerations is the size of the prospected wind turbines, and in particular the trade off between the use of 3 MW turbines or 7,5 MW turbines onshore.

The 3 MW turbines would have an approximate total capacity of 165 MW. Moreover, the nature of the location and the corresponding high velocity of wind allows for a large-scale deployment of the latest, highly innovative and modern 7,5 MW turbines (Enercon E-126).

The 7,5 MW turbines are significantly larger and more effective when compared to their 3 MW counterparts. Moreover, fewer turbines are required to generate an equal amount of power. The 7,5 MW turbines amass a total capacity of 283 MW. The deployment of the 7,5 MW turbines will result in a higher level of sustainable energy production and major reductions in greenhouse gasses. Due to their height, rotor span and state-of-the-art engineering the 7,5 MW turbines can achieve exceptional amounts of full load hours.

The placement of 7,5 MW turbines offers significant economies of scale, as certain fixed costs (e.g. foundation and grid connection) are independent on the size of the turbine. Secondly, larger wind turbines do not require more maintenance, as these costs are more correlated to the location of the turbine (offshore vs. onshore) than to their size. In conclusion, operating costs per generated MWh are fairly similar across all sizes of turbines.

A wind rich environment as the Noordoostpolder offers an optimal location for wind-generated power, which can be leveraged by the placement of ultra modern wind efficient turbines, as the E-126.

The placement of the 7,5 MW turbines would be a unique event worldwide, as these turbines have not yet been installed on such a large scale. The KWN is confident that banks are willing to finance these turbines due to the strong and reliable reputation of Enercon, despite the challenges in the current financial market.

The efficient and innovative characteristics of the 7,5 MW turbines come at a higher price than conventional, smaller models. The current SDE regime does not provide enough headroom for developers to economically exploit these types of turbines, despite the environmental and technological benefits they offer.

4.3 Selection of Turbines

The onshore turbines have to be selected. The o shore location can be equipped with 56 turbines of 3 MW. The option is available to place instead turbines with larger and more effective 7,5 MW turbines; using 7,5 MW turbines can generate additional 115 MW, providing an additional 100.000+ households with green power, with fewer turbines and generate more electricity per installed MW. However, the 7,5 MW turbines are more expensive per MW in comparison to the smaller 3 MW turbines.

The nearshore turbines have to be selected. Nearshore wind comes at a lower cost than offshore wind power. The two nearshore locations harbour the potential of deploying 55 Siemens 3.6 MW turbines or 47 x 5 MW RePower Turbines The turbines are designed for offshore Wind Parks, making them capable of withstanding erosion caused by seawater and strong sea winds. The proposed nearshore Wind Park could have a capacity of 198 MW with 3.6 MW turbines and 235 with 5 MW turbines. The current Dutch renewable energy support mechanism treats nearshore similar as onshore and does not treat nearshore wind as offshore wind nor as a separate category.

In total, the onshore and nearshore Wind Parks offer a prospected installed capacity of 518 MW and a combined generating capacity of up to 1653 GWh per annum. In February 2009, wind powered electricity in the Netherlands, amounted to approximately 2,216 MW. This implies that, the Project can considerably boost the national total by about 25%.