



Essential Services Commission of South
Australia
GPO Box 2605
Adelaide SA 5001
By email: escosa@escosa.sa.gov.au

REpower Australia Pty Ltd
ABN 38 101 563 320
Level 42, 80 Collins Street
Melbourne, Australia 3000

Tel.: +61 3 8660 6555
Fax: +61 3 8660 6500

www.repower.com.au

A Suzlon Group Company

5 November 2012

2011-2014 Electricity Standing Contract Price Determination – Wholesale Electricity Cost Investigation

To whom it may concern,

REpower Australia is a leading developer and turnkey constructor, operator and maintenance service provider of grid-connected wind farms in Australia. We directly employ around 170 people, and with over 1,000 megawatts of wind energy projects in Victoria, South Australia and New South Wales, either operating or under construction, we represent approximately a third of the market for wind turbines in Australia.

Our parent company, Suzlon Energy Limited, is the 5th largest wind energy supplier globally with operations in 32 countries.

We are concerned about the proposal to move away from a Long Run Marginal Cost (LRMC) based approach in determining the electricity standing contract price in South Australia.

In Australia, most wind farms require a long-term power purchase agreement in order to secure project finance. The price set under these agreements must be sufficient to recover the capital costs of a project over time.

The draft price determination states that by using an Electricity Purchase Cost (EPC) based approach, prices may at times fall below the LRMC. It is our view that this could dissuade energy retailers from making long-term investments in energy generating infrastructure, such as new wind farm projects.

If you would like further information then please feel free to contact me directly.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Megan'.

Megan Wheatley
REpower Australia Pty Ltd