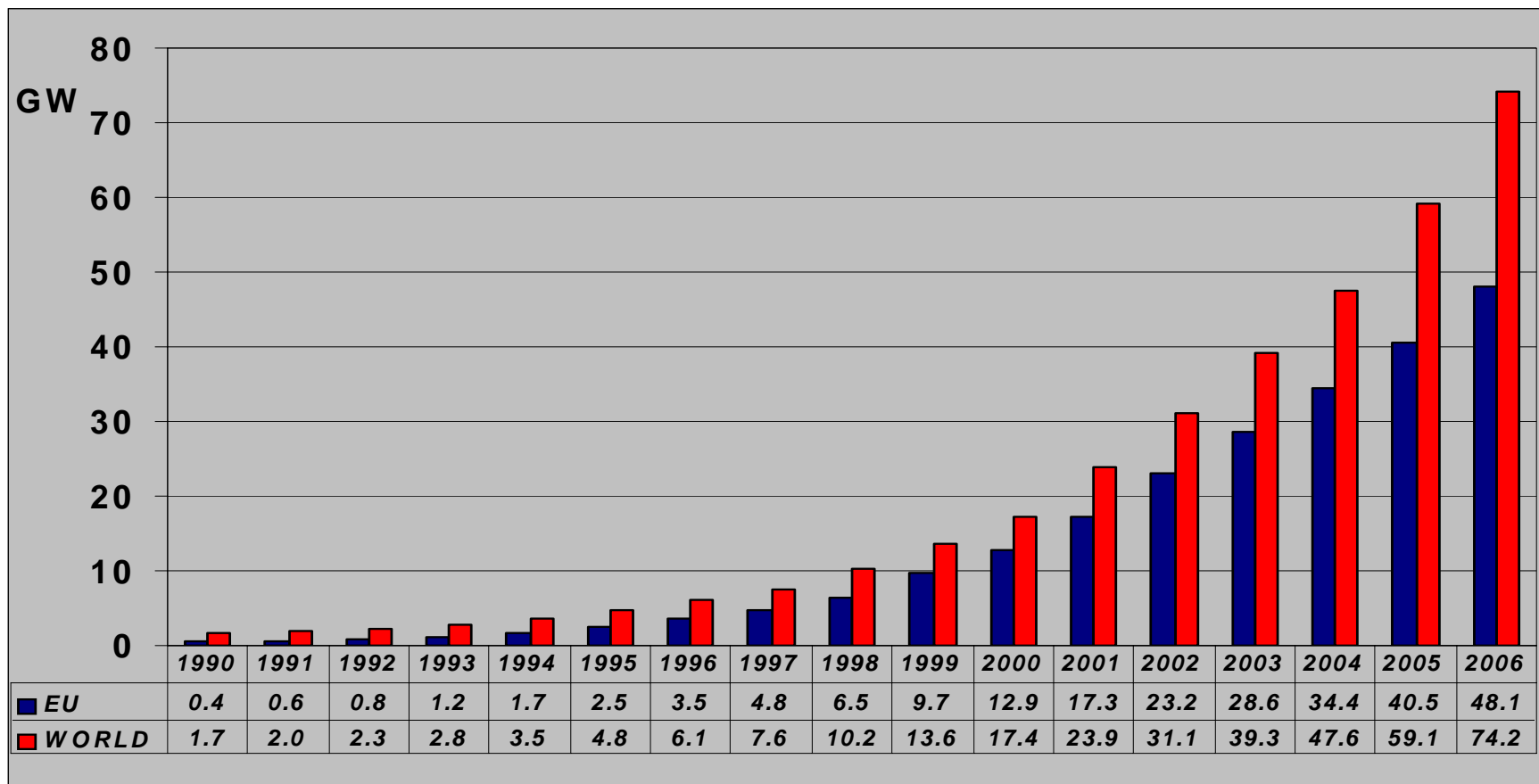


Realising the Opportunities and Potential of the Chinese Wind Market

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Beijing 15-3-2007

Cumulative Wind Energy Installed Capacity



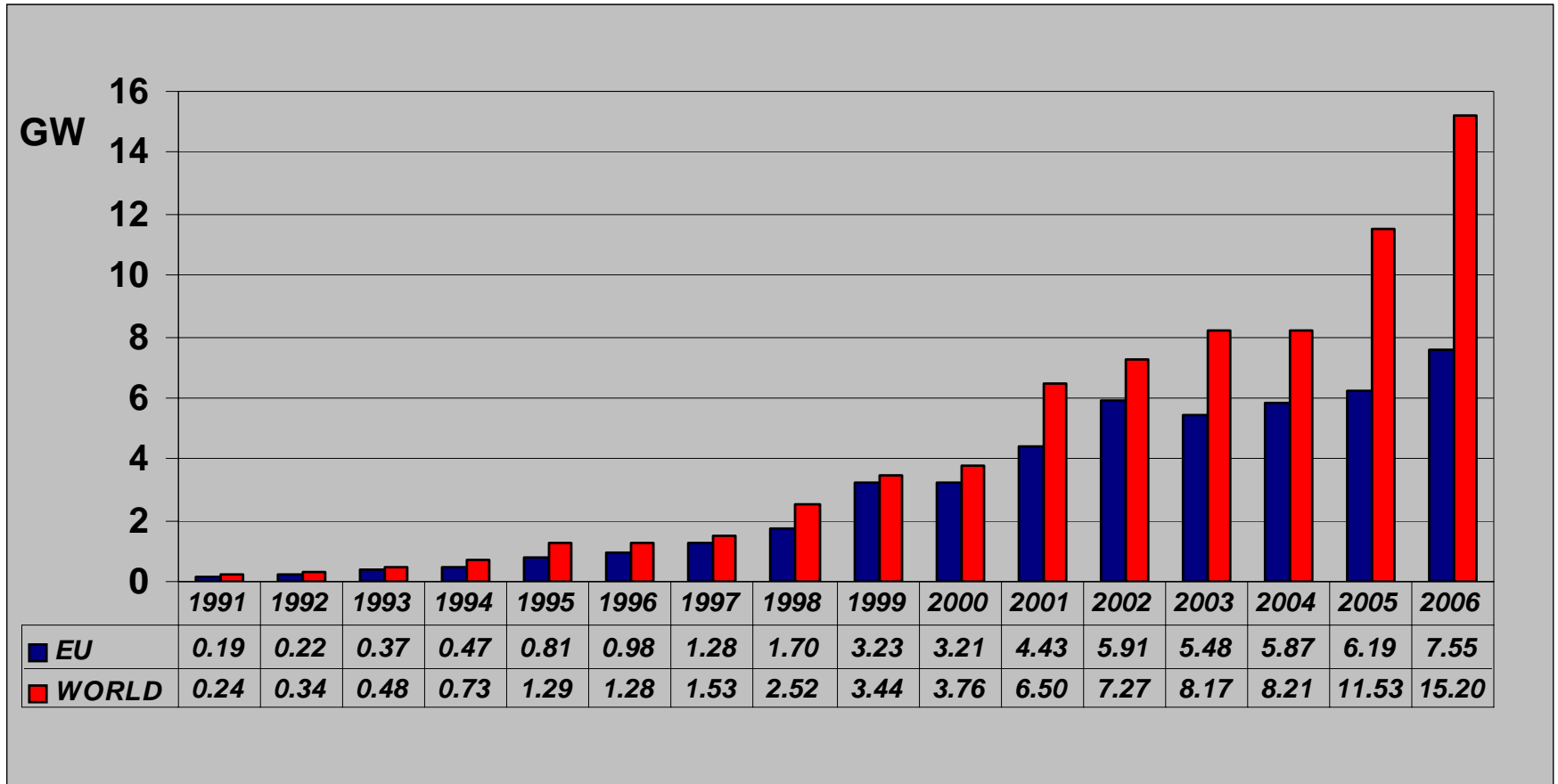
Average Annual
Growth Rates

Europe
1996-2001 37.6%,
2001-2006 22.6%

World
1996-2001 31.4%,
2001-2006 25.4%

Source: EWEA, GWEC

Global Market Growth 85% in the Last Two Years



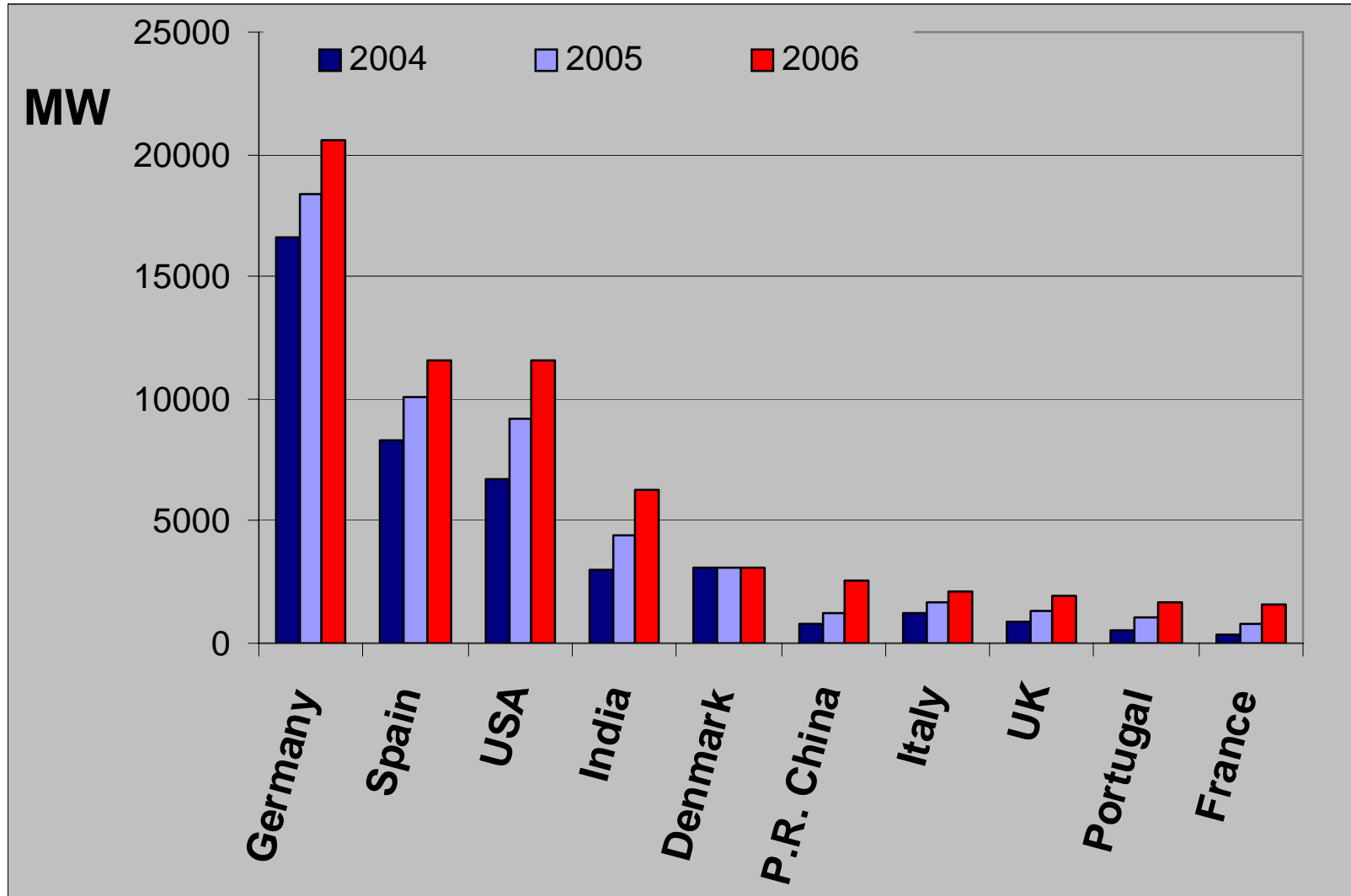
Average Annual
Growth Rates

Europe
1996-2001 35.2%,
2001-2006 11.2%

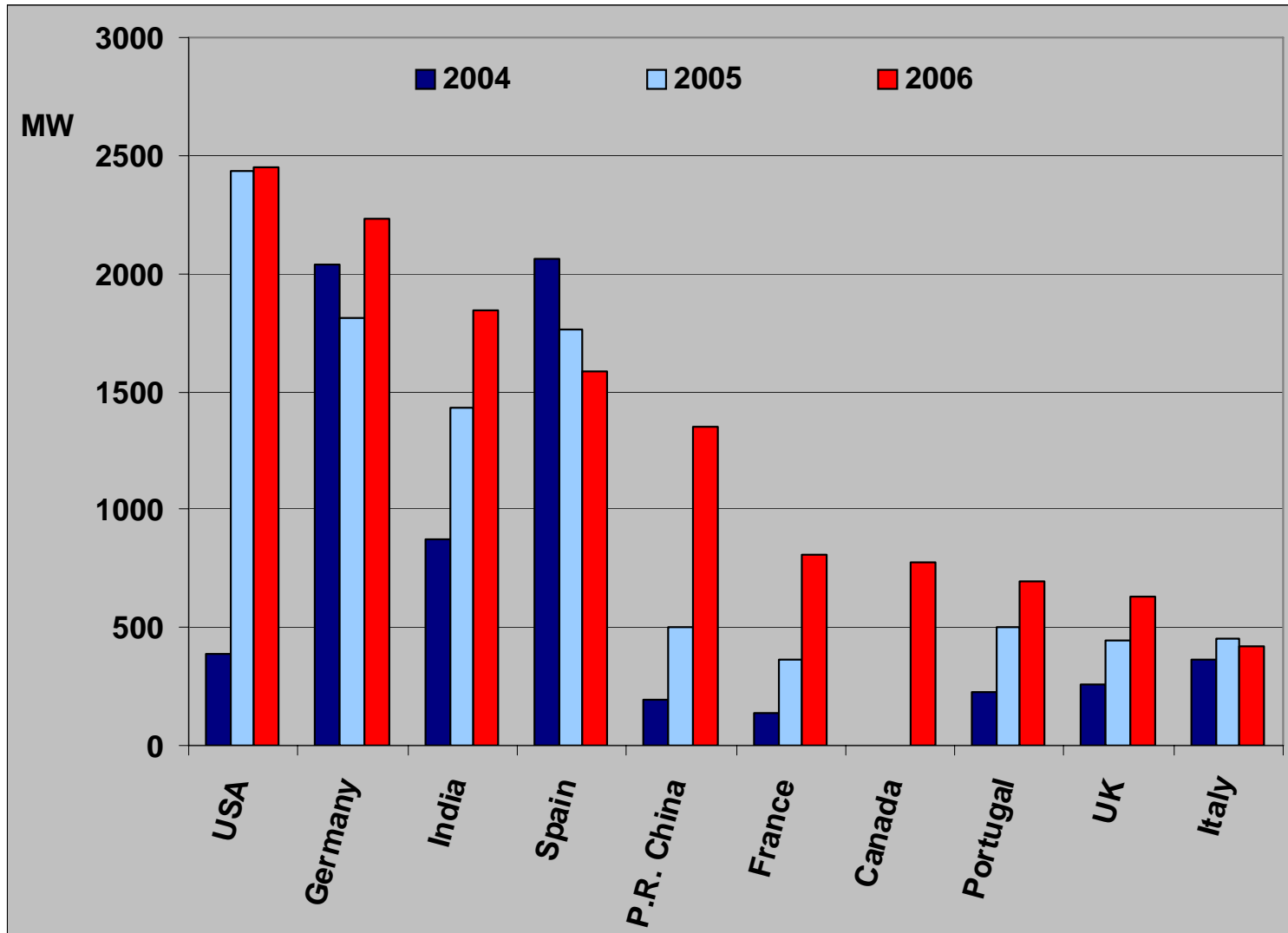
World
1996-2001 38.4%,
2001-2006 18.5%

Source: EWEA, GWEC

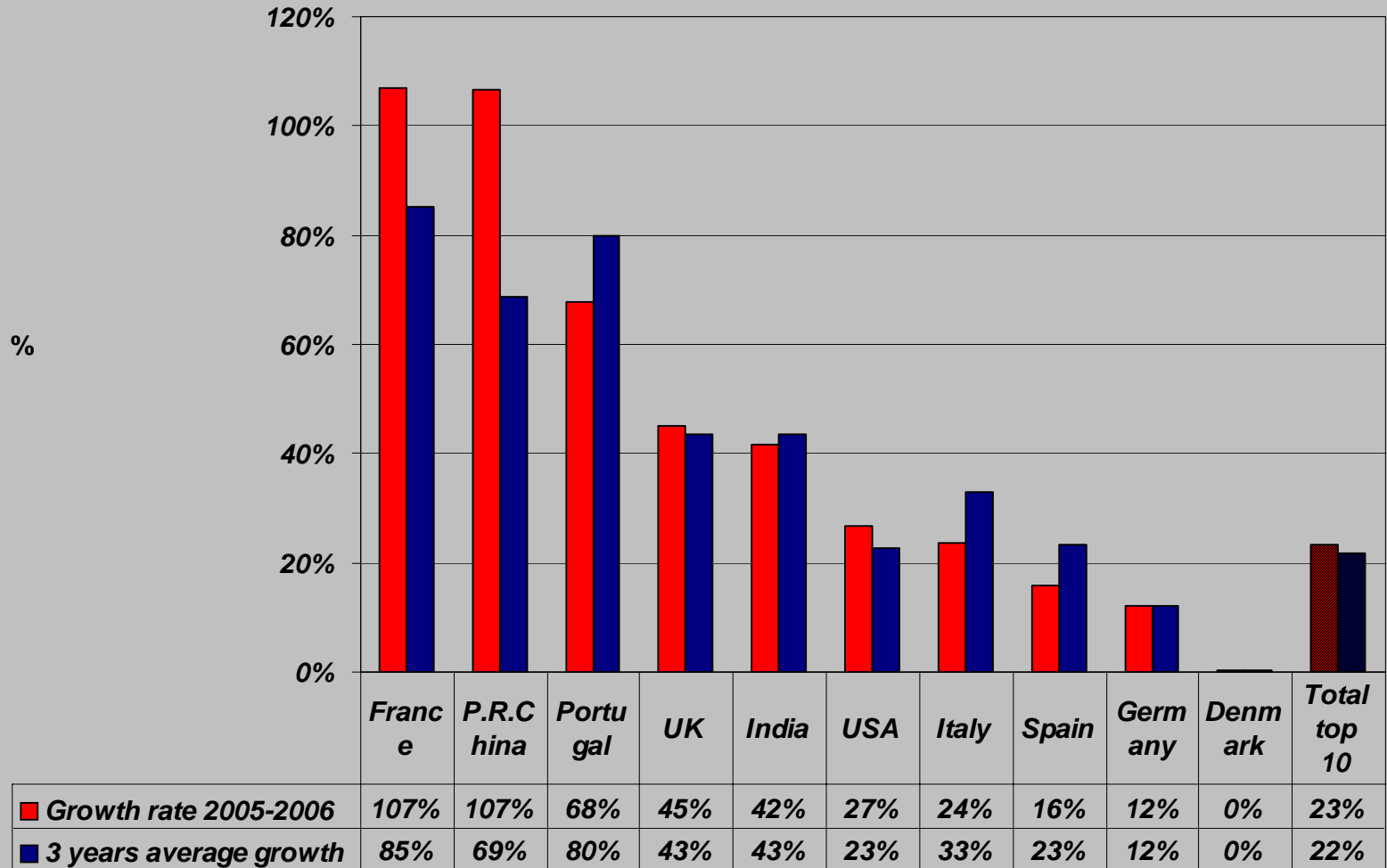
The Top-10 Cumulative Markets in the World



The Top-10 Annual Markets in the World



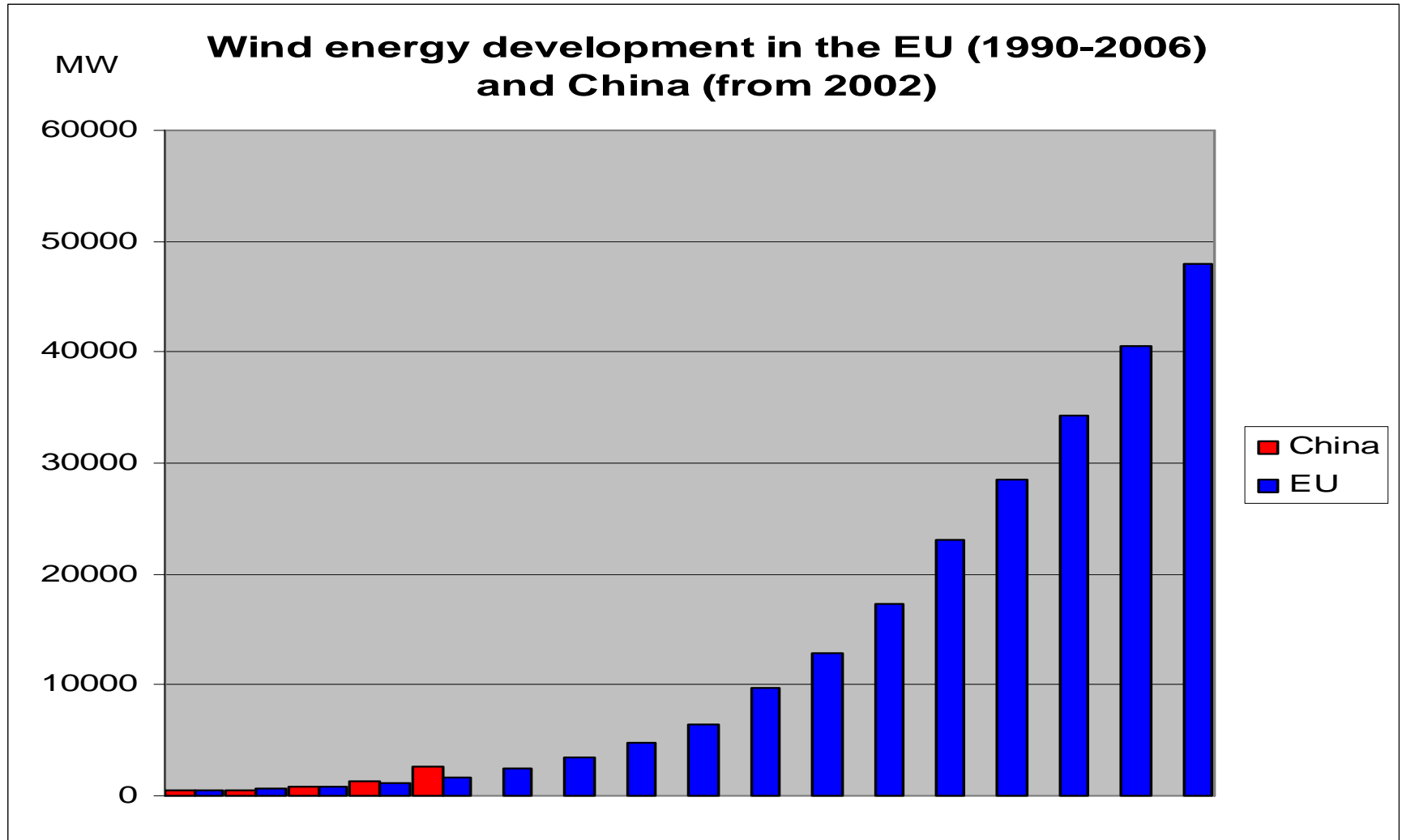
Growth Rates in the 10-Top Markets



Priority areas for improving China's role in wind energy

- 1. Setting an Ambitious National Target for Wind Energy**
- 2. Designing a Robust Policy Framework**
- 3. Granting Clean Development Mechanism (CDM) Certification**
- 4. Transmission Network Grid Planning and Access**
- 5. Growing the Domestic Industry by Attracting Foreign Investment and Experience in Manufacture and Development**

Setting an Ambitious National Target for Wind Energy



A robust policy framework is required to ensure that the target is delivered economically, efficiently and effectively. Introducing a nationwide and stable payment system would provide stability.

A feed-in tariff that is predictably, sufficiently high and lasts for 10-15 years, based on a fixed regional coal price plus a fixed premium for wind energy, would

- encourage in projects of high quality and high reliability by granting appropriate returns for all stakeholders (manufacturers, developers, ...).
- help create a sustainable wind industry in China.
- stimulate rural development and provide the economy with a stable and predictable energy source.
- allow project financing.

Granting Clean Development Mechanism (CDM) Certification

CDM certification increases the returns for project investors, thus making projects in China more attractive to all investors and thereby significantly accelerating the development of wind energy across China at no additional cost to the Chinese economy. In addition, increased tax revenues would be assured by provincial and national governments, which would in turn stimulate rural economies.

If CDM certification were provided in an efficient and effective manner to all projects, regardless of shareholder structures, this would result in even more projects being built in China,

There is a risk that the current practice of projects having to have 51% Chinese ownership is preventing projects from being built, thereby preventing the investment by and expertise of international project developers.

China is embarking on one of the largest investments in grid capacity in the world with a new high voltage system the scale of which has not been seen before. The country is thus in a position to lead the world in the integration of wind energy into the net.

To achieve this, it is important for upgrades in China's transmission networks to be coordinated with approvals for new wind projects

It would be beneficial to introduce clear procedures for access to the grids for wind farms with defined timelines, procedures, standards and costs. Currently, grid companies have no incentive to connect renewable energy generation to the electricity grid.

The Chinese government could encourage a more favourable environment for wind energy by incentivising the grid companies and making it more attractive for them to connect wind farms and other forms of renewable energy. This could be done through a contribution from the "Renewable Energy Fund" managed by the central government.

Growing the Domestic Industry by Attracting Foreign Investment and Experience in Manufacture and Development

In the way that India has done, China could succeed in building a sophisticated wind industry by encouraging investment and protecting IPR.

The sustainable development of this industry will strongly depend on focus from all stakeholders on delivering projects that are highly reliable (technically, operationally and financially) throughout the lifetime of the project. As in other sectors, the introduction and encouragement of international expertise, financing and involvement will accelerate and reinforce such a development.

Currently, a number of foreign wind energy equipment manufacturers and developers are active in the Chinese market. This involvement has already brought substantial benefits in terms of knowledge transfer, job creation and education of the workforce.

Moreover, the international experience of foreign players and ensuing rapid transfer of knowledge and technology will ensure that the domestic wind energy industrial base will grow faster, more effectively and more sustainably into an industry with global potential.

International experience has shown that localisation and domestic industrial development will happen naturally in any market in which suitably strong, reliable and long-term incentives and policies to promote and implement large amounts of wind power are introduced. With an appropriate, stable and competitive policy framework in China, both global and domestic equipment manufacturers will naturally enter the market, source their local suppliers and build their assembly operations.



GWEC

GLOBAL WIND ENERGY COUNCIL

"WHAT NATURE DELIVERS TO US IS NEVER STALE.
BECAUSE WHAT NATURE CREATES HAS ETERNITY IN IT."