

22 December 2006

## **Allco Wind Energy signs largest ever US Power Purchase Agreement with Southern California Edison**

Allco Wind Energy, a division of Allco Infrastructure, has today signed an exclusive Power Purchase Agreement (PPA) with Southern California Edison to supply 1,500MW of renewable power. The PPA, which is the largest wind energy contract ever signed by a US utility, equates to providing power for up to 1 million households in California\*.

With the signing of the PPA, Allco Wind Energy will be undertaking the development of the most significant wind energy project in the US over the next 5 to 10 years.

The project, which is located in the Tehachapi Wind Resource Area in Southern California, will involve wind farm development on land that Allco controls and or owns. The size of the development is triple that of any existing US wind farm and will be on more than 50 square miles of land.

The Tehachapi Wind Resource Area currently has wind farms generating 730MW and its capacity is expected to grow to approximately 4,500MW over the next 10 years.

In announcing the agreement, Mr Steen Stavnsbo, Head of Allco Wind Energy, said, "the Southern California Edison PPA provides Allco Wind Energy with a significant off-take contract that underpins the expansion of our Tehachapi land bank. The region contains the most significant wind resource in the State of California. California has the most ambitious renewable energy goal in the United States, of generating 20% or more of the State's electricity with clean, renewable energy by 2010."

Working in partnership with Allco Wind Energy on the project through a joint venture, Alta Innovative Power Company, LLC, is Oak Creek Energy Systems, Inc., a long-term wind farm developer which has managed and operated wind farms in Tehachapi for 20 years.

Allco has been expanding its infrastructure activities over the last 12-18 months with particular focus on wind energy developments and investments. Last week, development consent was granted for the Crows Nest Wind Farm Project in Queensland, and this followed the acquisition of the rights to a number of wind development projects in Australia and New Zealand.

The global head of Allco's Infrastructure business, Nick Bain in commenting on the Agreement said, "The Tehachapi project expands our infrastructure

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# **MEDIA RELEASE**

activities, which include wind projects and investments in Australia and New Zealand, and a number that are under negotiation in the EU.”

“We believe wind energy assets are very attractive investments for institutional investors both in Australia and North America. Allco has assembled an attractive portfolio of assets, a strong asset management team with specific renewable energy expertise, and over time we expect to make a good contribution to Allco's profitable growth.”

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**About Allco Infrastructure**

Allco Infrastructure, the owner and developer of the proposed Tehachapi Project, is one of the global product areas of the Australian Stock Exchange-listed Allco Finance Group Limited (ASX: AFG).

The focus of Allco Infrastructure is on energy projects – renewable, traditional and solar power. Currently Allco has a number of wind energy projects in Australia, New Zealand, and the US, and is in advanced negotiations in respect of the acquisition of additional development assets in both the EU and US.

Allco Finance Group (Allco) has extensive experience in structured finance for infrastructure projects in Australia, the USA and Europe, having been involved in the finance of a range of infrastructure assets, including waste water facilities, power generation facilities, pipelines, port facilities and energy distribution assets.

Allco Wind Energy is headed by Steen Stavnsbo, who has had more than 10 years in the wind industry holding senior executive positions with NEG Micon (now part of Vestas, the world's largest wind turbine manufacturer) and Global Renewable Energy Partners, the former wind development arm of NEG Micon.

Allco is a fully integrated global financial services business, listed on the Australian Stock Exchange (ASX: AFG) and specialising in structured asset finance, specialised funds management and debt funding.

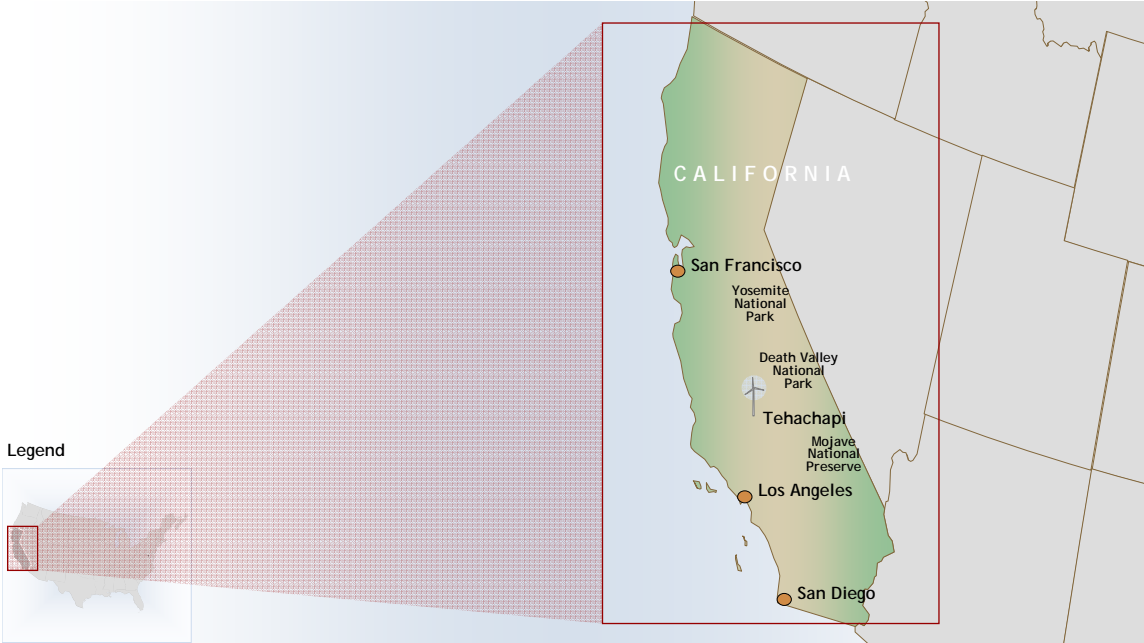
Headquartered in Sydney, Allco's growth prospects are augmented by its network of offices in key markets throughout UK/Europe, Asia and North America.

**About the Tehachapi Project**

In early 2006, Allco acquired a suite of wind energy development assets in the Tehachapi Wind Resource Area.

The Tehachapi Wind Resource Area in Southern California is one of the best wind resources in the US and was one of the first areas to be developed for wind power in the 1980s. Currently the area is producing approximately 730MW of wind power, and the California Energy Commission estimates that

wind capacity in the area will increase by over 4,500MW over the next 10 years.



The Tehachapi Project consists of multiple independent sub-projects spread across the area, which will be a phased development and are expected to become operational between 2007 and 2012. Allco ultimately expects to develop in excess of 2,500MW of wind capacity in the area. The sub-projects will be developed, managed, operated and maintained by Alta Innovative Power Company, the co-development joint venture Allco has formed with Oak Creek Energy Systems, Inc.



A critical asset initially acquired by Allco was an exclusive RFP to negotiate the 1,500MWPPA with Southern California Edison, signed today.

Key terms of the PPA with SCE:

- Time flexible – allowing for rollout over 10 years
- Term of contract is 20 years
- Involves a number of sub-projects from the Allco land bank in the Tehachapi Wind Resource Area with an average size of approximately 100MW
- SCE is seeking approval from regulatory agencies to construct a series of new and upgraded transmission lines for the area

**Southern California Edison** – an Edison International (NYSE: EIX) company – is one of the United State’s largest electric utilities, serving more than 13 million people within central, coastal and Southern California. SCE currently serves approximately 17% of its customers’ needs with renewable energy and is working toward a goal of having at least 20% of its power supplied by renewable generators.

\* 1 MW equals enough power to serve approximately 650 average homes.