

N.o.W.!-Postfach 1209-61260 Neu-Anspach

Open Letter

Neu-Anspach, November, 10, 2014

Warning to all potential investors in the WKA-Project Neu-Anspach of apparently exaggerated profit forecasts

Dear Ladies and Gentlemen,

We, the citizens' initiative N.o.W.!, are committed to maintaining the cultural landscape and the closed ecosystem of the nature reserve Taunus. The construction of a wind farm in Neu-Anspach, in the middle of a nature reserve which is the recreational environment for the Rhein-Main area, is of great importance for both humans and nature both inside and outside of the region.

The goal of our open letter is to critically analyze the most recent wind data provided by juwi (from October 2014) for the Neu-Anspach project and to warn the public and, in particular, investors of apparently exaggerated profit forecasts.

For potential investors (banks, private investors, cooperatives and institutional investors etc.) obtaining realistic wind data is essential to be able to adequately assess risk in order to prevent the partial or total loss of the capital invested and/or to be able to invest the capital on the basis of one's own risk assumptions. The most recent juwi presentations give rise to enduring doubt as to the accuracy of their prognosis.

It can be assumed that the values specified by juwi in the results provided are unreliable and thereby suggest an incorrect return on investment.

Allegedly, at this location here in Hessen, a wind of 7.1 m/s is prevalent and 2,733 full load hours per location is suggested as a premise.

Sprecher
Matthias Höser
Annett Fomin-Fischer
Ralph Bibo
Arnt Sandler

N.o.W.!
Ktonr: 510 122 08
BLZ: 512 500 00
Taunus Sparkasse
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Background:

On 14.10.14 an event organised by local wind power supporters (NAWI) took place in Neu-Anspach together with juwi and MiEG (Mittelhessische Energie Genossenschaft) at which it was intended to motivate those in attendance to make a financial commitment in the planned wind farm. There were between 60 and 70 participants present consisting of 10 town officials, 5 speakers from juwi and MiEG and interested parties who were approximately 50/50 for and against the planned location.

The MiEG speaker spoke about the, in his opinion, very low risk of subordinated loans and suggested possible expected returns for the planned project of between 3-5%. It is important to highlight at this juncture that to date MiEG has not been involved in a single wind power project.

juwi attempted to create the impression of predictable high profitability exclusively on the basis of an average wind speed measurement. Every well informed person knows that, in order to calculate potential profits realistically and to assess profitability, it is imperative to analyze the frequency distribution of the wind speed calculated at the hub height of the planned facility.

Further, no statements were made about the consideration of reduction factors which are customary in the trade according to the Technical Guideline TR6 for risk assessment.

In order to illustrate the insignificance of just one average value for the expected energy efficiency, we have prepared 2 examples (see Annex 1). Furthermore, it is also unclear whether, for instance, the required nightly power-offs in the summer months pursuant to the expert opinion on bats (6%), shutdowns due to crane migration (1-2%) and the reduction in performance due to reduced air density in the Central Uplands of Germany (7.6% lower compared with the coast; Annex 2) have been taken into consideration in the analysis.

Furthermore, the quality of the wind measuring data of the DWD from Kleiner Feldberg (approx. 6 km away) has been strongly questioned by juwi. This is significant because

Sprecher
Matthias Höser
Annett Fomin-Fischer
Ralph Bibo
Arnt Sandler

N.o.W.!
Ktonr: 510 122 08
BLZ: 512 500 00
Taunus Sparkasse
2/5

both the data of Kleiner Feldberg and the data of the Brandholz landfill (also approx. 6 km distance from the planning area) predict much lower average wind speeds. In the meantime we have received a written opinion from the DWD which clearly contradicts the statement of juwi (Annex 3).

The average wind speed predicted by juwi of 7.1 m/s and the resulting energy yield of 8.2 GWh per location (maximum of 4) would result in a reference value of 89% which is much higher than comparable inland locations. In practice this appears to be more than questionable.

We have investigated the real returns of comparable wind farms in the surrounding areas and established that in 2012/2013 none of the locations investigated could be even nearly operated at a profit. For 5 locations (see Annex 4) values between 49% and a maximum of 56% were calculated (Annex 5). This is a long way from the reference value of 80% which is currently expected by investors.

Furthermore, it must also be taken into consideration that under long-term observation the average wind speeds have reduced slightly for years.

The general question of the profitability of the planned wind farm in Neu-Anspach is, *inter alia*, called into question by juwi itself in its application for immediate enforcement with the grant of planning permission dated 28.07.14. Under point 2.1 of the application it states explicitly: „*Since the EEG will be subject to significant amendments as of 2016 (degression in feed-in tariffs, introducing a “flexible ceiling”), the viable operation of the wind farm would be significantly endangered if it can only begin to operate in 2016*“.

At this juncture the question already begs of whether a project can sustain lasting profitability if a reduction in the feed-in tariffs of only EUR 7,800 per year and turbine calls the profitability of the entire project into question and this with an investment volume of EUR 5 million per turbine.

If one additionally assumes that predicted wind yields can only be achieved at the levels of comparable locations (an average of 1,767 full load hours) then the loss following the

Sprecher
Matthias Höser
Annett Fomin-Fischer
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Arnt Sandler

N.o.W.!
Ktonr: 510 122 08
BLZ: 512 500 00
Taunus Sparkasse
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reform of the EEG reduces to EUR 5,800.

As the example of Weiskirchen (Saarbrücker Zeitung 23.10.14)¹ clearly demonstrates, even before completion of the wind farm there, juwi used revenue problems as a reason for wanting to reduce the lease payments for the site by 35%. Under the aforementioned EEG amendment this cannot be justified as already demonstrated. In all likelihood these claims of exaggerated profitability are being made (see above reference value observation) in order to persuade large investors and small private investors to make financial resources available in the expectation of high profits.

It is well known that the financially troubled juwi is in urgent need of capital to start the project before MVV possibly joins it, since MVV will not finance it and further financial losses due to unfeasible projects may tip the scales as to whether MVV comes on board or not (morgenweb, 17.10.2014).² juwi has also entered into binding agreements with turbine providers (e.g. Vestas in 2012 regarding 52 type V112 turbines), which contain significant contractual penalties in the case of failure to accept the consignment or price increases. Hereto is a quote from the abovementioned application for immediate enforcement:

„In the case of significant delays following a binding order from a wind turbine producer then additional contractual penalties apply to the applicant“.

From our perspective, and in consideration of the aforementioned arguments, we would strongly advise against investing in the Neu-Anspach project.

A further problem is that there is also currently a pending claim before the Frankfurt Administrative Court (AZ 7 K 2472/14.F(V)) to enforce the public petition which was previously rejected by the town. Furthermore, the citizens' initiatives N.o.W.! and Feldberginitiative e.V. have already announced that in the case that the application for the planned wind farm is granted then they will immediately file legal proceedings with

¹ <http://www.saarbruecker-zeitung.de/saarland/merzig-wadern/weiskirchen/weiskirchen/Weiskirchen-Buergermeister-und-berbuergermeister-Genossenschaften-Gesellschaften-mit-beschraenkter-Haftung-Unternehmen-Firmen-und-Firmengruppen-Vertraege-und-Abkommen-Windparks-Windraeder;art446618,5482768>

² <http://www.morgenweb.de/nachrichten/wirtschaft/wirtschaft/mvv-wird-mit-juwi-gruner-1.1931983>

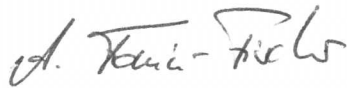
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N.o.W.!
Ktonr: 510 122 08
BLZ: 512 500 00
Taunus Sparkasse
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the result that there is a high probability of enormous financial consequences in the case that planning permission is revoked.

Please feel free to contact us if you should have any questions.

Yours sincerely,

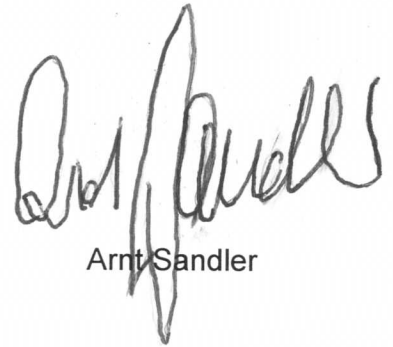


Annett Fomin-Fischer

Annexes 5



Ralph Bibo



Arnt Sandler