



WIGTON WINDFARM LIMITED

ANNUAL REPORT 2015





MISSION

The mission of Wigton Windfarm Limited is to provide, and/or facilitate, increased wind energy development, along with other renewable energy sources for the generation of electricity, thereby contributing to the diversification of Jamaica's energy mix.

VISION

The vision of Wigton Windfarm Limited is to be a catalyst for increased usage of wind power, and other renewable energy sources, to provide electricity to Jamaicans.

OUR CORE VALUES

Honesty and openness

High ethical standards, teamwork and commitment

Transparency

Respect for the environment



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CORPORATE DATA

Established: April 13, 2000
Registered Office: 36 Trafalgar Road,
Kingston 10
Jamaica
Telephone: (876) 960-3994
Facsimile: (876) 960-3108
Website: wwfja.com.

Senior Management: Earl Barrett - General Manager
Michelle Chin Lenn - Project Manager
Rohan Hay - Operations Manager
Shaun Treasure - Finance Manager & Company Secretary

Attorneys-at-Law: Vacciana and Whittingham

Bankers: First Global Bank



GENERAL MANAGER'S REPORT

EARL BARRETT

INTRODUCTION

Wigton Windfarm Limited, a subsidiary of the Petroleum Corporation of Jamaica (PCJ) began operating in 2004 with a mandate to bolster the diversification of Jamaica's energy mix.

Its operations centre on accelerating wind energy development and facilitating the use of other renewable energy sources for the generation of electricity.

The company became operational in 2004 with the commissioning of Wigton I, a 20.7 MW wind generating facility in Rose Hill, Manchester. In 2010 the plant was expanded by 18MW when Wigton II was commissioned bringing the wind farm's total capacity to 38.7MW. An additional 24MW will be added in early 2016 when Wigton III is scheduled to come on-stream.

Since inception, Wigton has consistently met or surpassed its business targets earning an enviable reputation as one of the most successful public sector organisations in the country. Against this background, the Management, Staff and Board of Directors are pleased to report on the company's performance for the 2014/15 fiscal year.

PERFORMANCE HIGHLIGHTS

During the financial year 2014/15, Wigton's primary areas of focus were the profitable operation of the wind farm, technology transfer, the implementation of the Wigton III expansion project, ensuring that adequate funds were available for the equity contribution required and maintaining a profitable and compliant company.

The performance highlights of the financial year included:

- Audited gross profit of approximately \$1.2 billion
- Audited profit before foreign exchange loss and taxation of approximately \$726 million; however, due to the depreciation of the Jamaican currency, Wigton reported audited profit before taxation of J\$566 million
- Total production output of 114 GWh
- Sale revenues of J\$1,543,970,000
- An average plant availability rate of approximately 90%
- A perfect safety record

FINANCIAL PERFORMANCE

Wigton's revenues for the 2014/15 financial year amounted to J\$1,544 million, which was 3% more than the total generated the prior year. Expenses declined by 23% totalling J\$1,126

million as compared to the J\$1,468 million spent in 2013/14. Net profits before dividend and tax was J\$566 million, a significant improvement on the J\$210 million earned the previous year.

	2015 AUDITED	2014 AUDITED	\$ VARIANCE	% VARIANCE
PRODUCTION	kWh	kWh		
Wigton Phase I	54,036,847	56,429,249	(2,392,402)	Decreased by 4%
Wigton Phase II	59,596,129	63,735,201	(4,139,072)	Decreased by 6%
	113,632,976	120,164,450	(6,531,474)	Decreased by 5%
	2015 AUDITED	2014 AUDITED	\$ VARIANCE	% VARIANCE
PERFORMANCE	\$'000'000	\$'000'000		
Sales	1,544	1,495	49	Increased by 3%
Cost of sales	366	367	1	Remained constant
Gross Profit	1,178	1,127	51	Increased by 5%
Other income	148	184	(36)	Decreased by 20%.
General administrative expenses	210	312	(102)	Decreased by 33%
Operating Profit	1,116	999	117	Increased by 12%
Finance expenses excluding foreign exchange losses	310	286	24	Increased by 8%
Foreign exchange losses	240	503	(263)	Decreased by 52%
Net profit before foreign exchange loss and taxation	806	713	93	Increased by 13%
Net profit before dividend and taxation	566	210	356	Increased by 170%



PRODUCTION AND SALES

Over the period Wigton II experienced an availability rate of 90% as a result of which 59,596,129kWh was sold to JPS for the national grid, which earned US\$8.1 million. Similarly, Wigton I had 89% availability, supplying 54,036,847 kWh to the grid which garnered US\$5.5 million.

Throughout its 10 years of operation, Wigton I has consistently achieved high outputs generating close to 574,000,000kWh for the grid and earning revenues equalling US\$44.4 million. Wigton II, which began production in 2010, has sold more than 229,000,000 kWh to JPS generating US\$31.26M in sales.

YEAR	WIGTON I KWH SOLD TO GRID	ELECTRICITY PRODUCTION INCOME US\$ MILLION
2004 – 2005	44,204,036	2.48
2005 – 2006	51,433,650	2.89
2006 – 2007	55,734,200	2.94
2007 – 2008	53,216,750	2.94
2008 – 2009	45,930,100	2.57
2009 – 2010	59,407,632	3.61
2010 – 2011	50,661,203	5.18*
2011 – 2012	46,368,604	4.73
2012– 2013	56,474,801	5.77
2013 – 2014	56,432,552	5.80
2014 – 2015	54,036,847	5.5
TOTAL	573,900,375	44.4

* Note that the O.U.R. made a new rate determination for Wigton I effective February 2010 thus the increase in income from 2010

YEAR	WIGTON II KWH SOLD TO GRID	ELECTRICITY PRODUCTION INCOME US\$ MILLION
2010 – 2011	10,580,884	1.43**
2011 – 2012	44,717,351	6.08**
2012 – 2013	50,414,649	6.88**
2013 – 2014	63,735,201	8.77**
2014 – 2015	59,596,129	8.1**
TOTAL	229,044,214	31.26

** Note that a front loaded rate is applied for Wigton II.

BUSINESS EXPANSION

In 2013 the Office of Utilities Regulation (OUR) selected Wigton Windfarm as one of three preferred bidders to supply electricity to the national grid from renewable energy sources. During the 2014/15 fiscal year preparatory work began in earnest on Wigton III, a 24MW plant which formed the basis of the successful bid.

Wigton III will be constructed on lands near the company's existing 38.7 MW wind farm complex in Rose Hill, Manchester. In January 2015 a turnkey contract valued at US\$45 million was awarded to Spanish wind energy experts, Gamesa for the end-to-end development of the plant. The new facility will include twelve 2MW wind turbines, a new substation and a 9.6 km transmission line to the JPS Spur Tree substation.

Following the February 2015 ground breaking, work is scheduled to get underway in April with commissioning projected by February 2016. The project should create more than 120 jobs during the construction phase and three permanent positions for engineers once it becomes operational. The PetroCaribe Development Fund is providing 80% of the financing with the remaining 20% equity coming from Wigton.

When it is operational the annual output of Wigton III will be 63,072 MWh, which will increase renewable energy input to the national grid by more than 2%. The expansion will bring Wigton's total capacity to 62.7MW.

ENVIRONMENTAL IMPACT

APRIL 2014 - MARCH 2015	WIGTON I	WIGTON II
Tonnes of carbon dioxide avoided	45,066.73	44,101.14
Barrels of oil avoided	31,786.38	35,056.55
Foreign Exchange saved for Jamaica (using US\$50/barrel of oil)	\$US1.7 million	\$US1.6million

As a green energy facility Wigton's operations contribute to efforts to preserve the environment and mitigate the effects of climate change. Wind energy generation provides a viable alternative to traditional fossil fuels which cause greenhouse gas pollution.

In 2014/15 Wigton's clean energy output resulted in the avoidance of more than 89,000 tonnes of carbon dioxide by reducing oil consumption by 66,843 barrels; which cut US\$3.3 million off the country's oil spend. When Wigton III comes on stream it should reduce Jamaica's demand for oil by an additional 37,000 barrels annually. This should lessen carbon dioxide emissions by 48,000 tonnes each year.



Officials of the Wigton Windfarm, breaking ground in February 2015 for the construction of Wigton III, a 24MW expansion to Wigton's 38.7 MW wind farm complex in Rose Hill, Manchester. From right are Earl Barrett, General Manager, Wigton Windfarm Limited, Michelle Chin Lenn, Project Manager, Wigton Windfarm Limited, Jose Maria Cordon Munoz, Sales Engineer for Central America & the Caribbean with Gamesa, the firm carrying out the construction, Phillip Paulwell, Minister of Science, Technology, Energy & Mining, Julian Robinson, Minister of State in the Ministry of Science, Technology, Energy & Mining, Michael Peart, Member of Parliament for South Manchester and Ian Kelly, Chairman, Wigton Windfarm Limited.

TRAINING AND HUMAN RESOURCE DEVELOPMENT

Wigton has positioned itself to be at the forefront of the development of Jamaica's renewable energy industry by spearheading capacity building for the sector. The company continues to stage training seminars and workshops to facilitate human resource development within the industry and among external stakeholders.

Since its inception, Wigton has encouraged and facilitated the transfer of knowledge regarding operation and maintenance of the plant from the overseas suppliers to local engineers and other technical staff. This approach is now yielding tangible benefits as during the 2014/15 financial year major components were repaired and replaced on wind turbines by Wigton's Engineers without third party assistance. Further to this, in July 2014, Wigton's operations staff took over the full operations and maintenance of Wigton Phase II which will result in annual savings of about J\$72 million.

Also in 2014/15 work continued on the build out of the renewable energy training lab at the Wigton Renewable Energy Resource Centre. The Centre, which is located at

the Rose Hill complex, was established in 2010 as part of the company's efforts to create a first class training facility for renewable energy professionals.

During the fiscal year a 12 kW solar roof and small 400W wind turbine were installed to enhance the lab's training and demonstration capability. These improvements were financed with a J\$4.8 million grant which was contributed by the British High Commission in 2014. The longterm goal is for the Centre to offer an extensive renewable energy training curriculum including courses in photovoltaic technologies, wind power, concentrated solar power, bioenergy and small-scale hydro.

OUTLOOK: 2016 AND BEYOND

Wigton has been in expansion mode for nearly a decade and this position is not likely to change in the foreseeable future. For the next fiscal year, the priority will be the successful construction and commissioning of the Wigton III plant. However, Wigton will also commence collaboration with its parent company on feasibility and finance structures for future renewable energy projects.



STATEMENT OF EMOLUMENTS

WIGTON WINDFARM LIMITED

SENIOR EXECUTIVE'S COMPENSATION 2014-15

	GENERAL MANAGER					
SALARY (\$)	7,679,526.00					
GRATUITY OR PERFORMANCE INCENTIVE (\$)	1,919,881.60					
TRAVELLING ALLOWANCE OR VALUE ASSIGNMENT OF MOTOR VEHICLE (\$)	487,860.00					
PENSION OR OTHER RETIREMENT BENEFITS (\$)	N/A					
OTHER ALLOWANCES	131,067.50					
NON-CASH BENEFITS (\$)	N/A					
TOTAL (\$)	10,218,335.10					

WIGTON WINDFARM LIMITED DIRECTORS' COMPENSATION 2013-14

	IAN KELLY (CHAIRMAN)	ANDRAL SHIRLEY	ADRIAN ST. LOUIS	ADRIAN SPENCER
FEE (\$)	373,500.00	177,460.00	135,500.00	95,500.00
TRAVELLING ALLOWANCE OR VALUE ASSIGNMENT OF MOTOR VEHICLE (\$)	N/A	N/A	N/A	N/A
HONORARIA (\$)	N/A	N/A	N/A	N/A
ALL OTHER ALLOWANCES INCLUDING NON-CASH BENEFITS (\$)	N/A	N/A	N/A	N/A
TOTAL (\$)	373,500.00	177,460.00	135,500.00	95,500.00

WIGTON WINDFARM LIMITED DIRECTORS' COMPENSATION 2014-15

	DONNA DEIDRICK	MARC WILLIAMS	DONNA ARTHURS	YVONNE BARRETT-EDWARDS
FEE (\$)	121,500.00	24,000.00	76,500.00	107,500.00
TRAVELLING ALLOWANCE OR VALUE ASSIGNMENT OF MOTOR VEHICLE (\$)	N/A	N/A	N/A	N/A
HONORARIA (\$)	N/A	N/A	N/A	N/A
ALL OTHER ALLOWANCES INCLUDING NON-CASH BENEFITS (\$)	N/A	N/A	N/A	N/A
TOTAL (\$)	121,500.00	24,000.00	76,500.00	107,500.00

FINANCIAL STATEMENTS

