

22 October 2008

Independent Market Operator
PO Box 7096 Cloisters Square
PERTH WA 6850

FOR THE ATTENTION OF MR TROY FORWARD

Dear Mr Forward

LAND VALUES FOR RESERVE CAPACITY PRICE

Further to previous correspondence and meetings and following e-mail instructions from Mr William Street of the Independent Market Operator dated 1 October 2008, I have prepared the following assessments on the notionally proposed sites listed below as at the 30 June 2008.

ASSESSMENT INSTRUCTIONS

Instructions have been received from Mr William Street "Independent Market Operator", requesting unimproved market assessments for hypothetical land sites suitable for the development of a power plant, in the following nominated regions.

- Pinjar Region (3 hectare site)
- Kwinana Region (3 hectare site)
- Kemerton Industrial Park Region (3 hectare site)
- Collie Region (30 hectare site)
- Geraldton Region (30 hectare site)
- Eneabba Region (30 hectare site)
- Kalgoorlie Region (30 hectare site)

The assessment is based on the following,

- No specific sites have been identified.
- The hypothetical land sites are generic for each region and have no distinct beneficial or detrimental features that would affect the development of a power station or their inherent value as a power station site.
- The hypothetical land sites are within or near to existing industrial estates or land that would be suitable for and permit the development of a power station.

REGION SUMMARIES

PINJAR REGION

The suburb of Pinjar is located approximately 30 kilometres north of the Perth CBD. Much of the area is State Forest and a water catchment area with some land reserved for public purpose, parks and recreation and rural land. Neighbouring land to the south west of Pinjar has a variety of different land uses from rural to residential and includes the Meridian Park industrial estate in Neerabup.

Analysis of industrial land sales in Neerabup, Wangara, Landsdale and Gnangara show levels for lots of approximately 3 hectares in the range of \$2,250,000 to \$2,750,000 per hectare.

KWINANA REGION

The Kwinana industrial area is located approximately 30 kilometres south of the Perth CBD and adjoins both Naval Base and East Rockingham industrial areas overlooking Cockburn Sound.

Kwinana is an established industrial location with all essential services available and good access to Perth CBD, port facilities and the South-West region of the state.

Analysis of industrial land sales in Kwinana and surrounding areas show levels for lots of approximately 3 hectares in the range of \$3,000,000 to \$4,000,000 per hectare.

KEMERTON INDUSTRIAL PARK REGION

Kemerton Industrial Park is located approximately 17 kilometres north east of Bunbury and 160 kilometres south of Perth.

Kemerton Industrial Park was established in 1985 for heavy industry and has good access to the South-West region, Rockingham, Kwinana and Perth.

Information and evidence gathered in the Kemerton Industrial Park and the surrounding region show levels for lots of approximately 3 hectares in the range of \$225,000 to \$275,000 per hectare.

COLLIE REGION

The town of Collie is located approximately 200 kilometres south east of Perth. Major industries that support the town include coal mining, farming and forestry.

Information and evidence gathered for land suitable for the development of a power plant in the Collie region, but not in the town site show levels for lots of approximately 30 hectares in the order of \$20,000 per hectare.

GERALDTON REGION

Geraldton is located approximately 425 kilometres north of Perth. Geraldton is a key port and administrative centre for the mid west region. Major industries that support the city include tourism, agriculture, fishing, mining and trade.

Analysis of land sales suitable for the development of a power plant in the Geraldton region show levels for lots of approximately 30 hectares in the order of \$30,000 per hectare.

ENEABBA REGION

The town of Eneabba is located approximately 300 kilometres north of Perth. The town services the surrounding agricultural industry and the nearby mineral sands facility.

Information and evidence gathered show levels for lots of approximately 30 hectares suitable for the development of a power plant in the region surrounding Eneabba in the order of \$10,000 per hectare.

KALGOORLIE REGION

Kalgoorlie is located approximately 595 kilometres east of Perth. Kalgoorlie is the administrative centre for the eastern Goldfields region. Major industries that support the city include tourism, pastoral and mining.

Analysis of information and land sales suitable for the development of a power plant in the Kalgoorlie region (outside of the Kalgoorlie townsite and existing industrial estates) show levels for lots of approximately 30 hectares in the range of \$100,000 per hectare.

ASSESSMENT

The approach to these assessments has been by the method of direct comparison. The value is derived by comparison to recent sales of properties with typical characteristics for land suitable for the construction of a power plant in the nominated regions.

The assessments provided for the hypothetical sites are on the basis they have no distinct beneficial or detrimental features that would affect the development of a power station or their inherent value as a power station site.

Having regard to the available information and evidence, an estimate of value for each of the proposed hypothetical sites in the nominated regions is considered to be as follows.

REGION	LAND AREA (Hectares)	RATE PER HECTARE	ASSESSED VALUE
Pinjar	3	\$2,500,000	\$7,500,000
Kwinana	3	\$3,500,000	\$10,500,000
Kemerton	3	\$250,000	\$750,000
Collie	30	\$20,000	\$600,000
Geraldton	30	\$30,000	\$900,000
Eneabba	30	\$10,000	\$300,000
Kalgoorlie	30	\$100,000	\$3,000,000

ASSUMPTIONS, CONDITIONS, LIMITATIONS

This assessment has been completed on the following basis.

- The proposed locations have not been physically inspected.
- The report has been completed using Landgate records and information gathered from external sources only.
- Landgate records relied upon are correct as at the date of this report.
- The assessment amount is exclusive of GST (Goods and Services Tax).
- The assessment amount assumes an unencumbered fee simple title and that any allowance for possible heritage restrictions, native title claims or contamination has not been considered.
- The hypothetical land sites are generic for each region and have no distinct beneficial or detrimental features that would affect the development of a power station or their inherent value as a power station site.
- The hypothetical site for each region can be developed as a power station.

This assessment has been prepared by Darren Criddle under delegation of the Valuer General as defined in Part II of the *Valuation of Land Act 1978*.

In accordance with the Federal Privacy Act, information supplied is now regarded as private information. Under the Act, information collected for one purpose may only be used for a secondary purpose if that purpose is related and could be reasonably expected. In this context, this Office is not able to give permission for the information to be published by a third party. All data and analysis produced by this Office is provided on the condition that it is the responsibility of the receiver of such information to conform with privacy legislation.

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Thank you for your instructions in this matter and if you have any further queries relating to this advice do not hesitate to contact me on 9429 8462.

Yours sincerely

**DARREN CRIDDLE AAPI
CONSULTANT VALUER
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