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Meridian Energy Limited
 Att. Ms Tracy Dyson
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Your ref.:

Our ref.:
 ZAPAU980DAWES060304-1

Date:
 25/03/2006

Verification of Voluntary Emission Reductions Te Apiti Project – 1 January 2005 – 31 December 2005

1.1 Scope

You have engaged us to conduct audit procedures associated with verification of the Voluntary Emission Reductions (VERs) achieved by the Te Apiti Wind Farm project for the calendar year 2005. The project is located in the North Island of New Zealand and supplies electricity directly to the New Zealand electricity grid. The project has been established and meets the requirements of the New Zealand Projects to Reduce Emissions arrangements. The VERs presented for verification were created during the period 2005 calendar year.

We have conducted sufficient verification procedures to enable us to express an opinion on the following matters:

1. The number of VERs proposed to be verified in respect of the period 1 January 2005 – 31 December 2005 have been calculated in all material respects:
 - Based on accurate and reliable generation records and other relevant supporting documentation; and
 - In a manner consistent with the methodology determined in the Te Apiti Project Design Document (PDD, July 2003).

1.2 Verification procedures

Meridian's management is responsible for operation of the project. Energy Market Services is the Half Hour Data Administrator for the project and is responsible for collection and reporting of the electrical energy sent out to the grid to Meridian and the NZ electrical market regulator. We have not conducted any audit procedures with respect to the internal control environment of Meridian Energy taken as a whole. As such, no assurance is given on any internal controls not associated with the creation of VERs.

Our verification has been conducted in accordance with International Standard on Assurance Engagements 3000 *Assurance Engagements other than Audits or Reviews of Historical Information* and adopting the International Emission Trading Association (IETA) & the World Bank's Prototype Carbon Fund (PCF): *Validation and Verification Manual* to provide potential purchasers of VERs with reasonable assurance that the VERs have been calculated in a manner consistent with the PDD (July 2003). Accordingly, we have conducted such tests and procedures as we considered appropriate including:

- Review of the Te Apiti Wind Farm Annual Report 2 – 2005;



- Review of the energy data claimed as being the 2005 Net Sent Out generation (provided by the independent Half Hour Data Administrator, energy market services limited) from the project by comparison with individual turbine generation records and the plans from the PDD (July 2003);
- Consideration as to whether the estimate of project construction emissions is reasonable;
- Discussions with the relevant Meridian Energy personnel; and
- Observation and review of relevant documentation.

We have not performed audit procedures on other information contained in the Te Apiti PDD (July 2003).

This report has been prepared for Meridian Energy. We disclaim any assumption of responsibility for any reliance on this report to any person other than Meridian Energy, or for any purpose other than that for which it was prepared.

1.3 Verification Findings

1.3.1 Data arrangements

Our verification comprised a desktop review of the information contained in the Meridian Energy Te Apiti Wind Farm Annual Report 2 – 2005 conducted on 3 March 2005 and which found no material discrepancies in the arrangements as documented.

We confirmed that the individual turbine generation data was reasonable based on the planned arrangements from the PDD (July 2003) and the Half Hour Data Administrator records of Net Sent Out generation. The Net Sent Out generation for the period 1 January 2005 – 31 December 2005 was recorded as 321.1 GWh.

We considered the information used to develop the estimate of operational emissions. As this is not a material emission source we did not conduct any verification activities on this data, but consider the estimate to be reasonable.

We also confirmed that the carbon emission factor (CEF) for NZ grid electricity used in the calculation of VERs was the same as the factor previously determined for calendar year 2005 in our Determination Report of 15 April 2004. This factor was 572 gCO₂-e/kWh (Te Apiti PDD, p24).

1.3.2 Creation of 2005 VERs

A completed VER calculation is included in the Annual Report. The information in the calculation table was able to be cross checked against the Energy Market Services report of 18 January 2005 and the grid CEF from the Te Apiti PDD (July 2003). The claim for creation of 183 663 tonnes CO₂-e VERs during the period 1 January 2005 – 31 December 2005 was found, in all material respects, to be fairly stated. A copy of the Annual Report is attached to this report.

1.4 Inherent Limitations

Because of the inherent limitations in any internal control structure it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weaknesses or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the procedures performed on the relevant internal controls were on a test basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The verification opinion expressed in this report has been formed on the above basis.



2 VERIFICATION OPINION – CREATION OF VERS

In our opinion:

1. The 183 663 tonnes CO₂-e VERs proposed to be registered in respect of the Meridian Energy Te Apiti Wind Farm for the period 1 January 2005 – 31 December 2005 have been fairly stated and calculated and are:
 - Based on accurate and reliable generation records and other relevant supporting documentation; and
 - Have been calculated in a manner consistent with the methodology determined in the Te Apiti Project Design Document (PDD, July 2003).

Yours faithfully
for DNV CERTIFICATION PTY LTD



Simon Dawes
Manager - Climate Change and CSR



Michael Lehmann
Technical Director