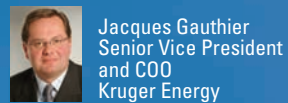


The Kruger Energy KEPA Team



Jacques Gauthier
Senior Vice President
and COO
Kruger Energy



Jean-Paul Blais
Director of Communications
Port Alma Wind Power
Project



Jean Roy
Vice President Operations
Kruger Energy



Michael Cookson
Manager Wind Power Sector
Kruger Energy



Guy J. Paquette
Director, Legal Affairs
Kruger Energy



David Janigan
Vice President
Engineering Projects
Kruger Inc.



Jean Majeau
Vice-President
Corporate Affairs
Kruger Inc.

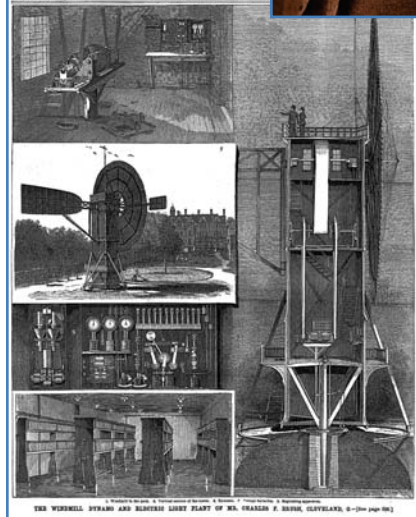
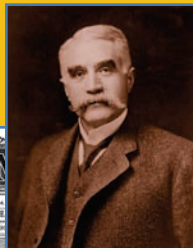
Fun facts

Did you know that wind energy has been exploited for centuries?

Historically, the Chinese, Persians, Greeks and Egyptians used windmills to grind grain many centuries BC!

Charles F. Brush, one of the founders of the American electrical industry, is credited with building what is believed to be the first automatically operated wind turbine for the generation of electricity in Cleveland, Ohio in 1887. The wind turbine was constructed of cedar wood and was in operation for some 20 years. Despite its size, however, the wind turbine only generated 12 kW. It was used to charge batteries in the mansion's cellar. Mr. Brush's wind turbine is also considered the world's largest with a rotor diameter of 50 feet and 144 rotor blades.

Charles F. Brush



Wind Measurement Masts

You may have already noticed the two 60-meter poles that were installed over one year ago in the Port Alma area. These "poles" are called wind measurement masts and are instrumental in determining the optimal location for wind turbines.

A wind measurement mast is a tall, thin cylindrical pole with an anemometer and wind vane installed at various levels.

The cup anemometer is used to measure wind speeds. A cup anemometer has a vertical axis and three cups to capture the wind, with the number of revolutions per minute recorded electronically.

The wind vane is used to detect the direction of the wind.

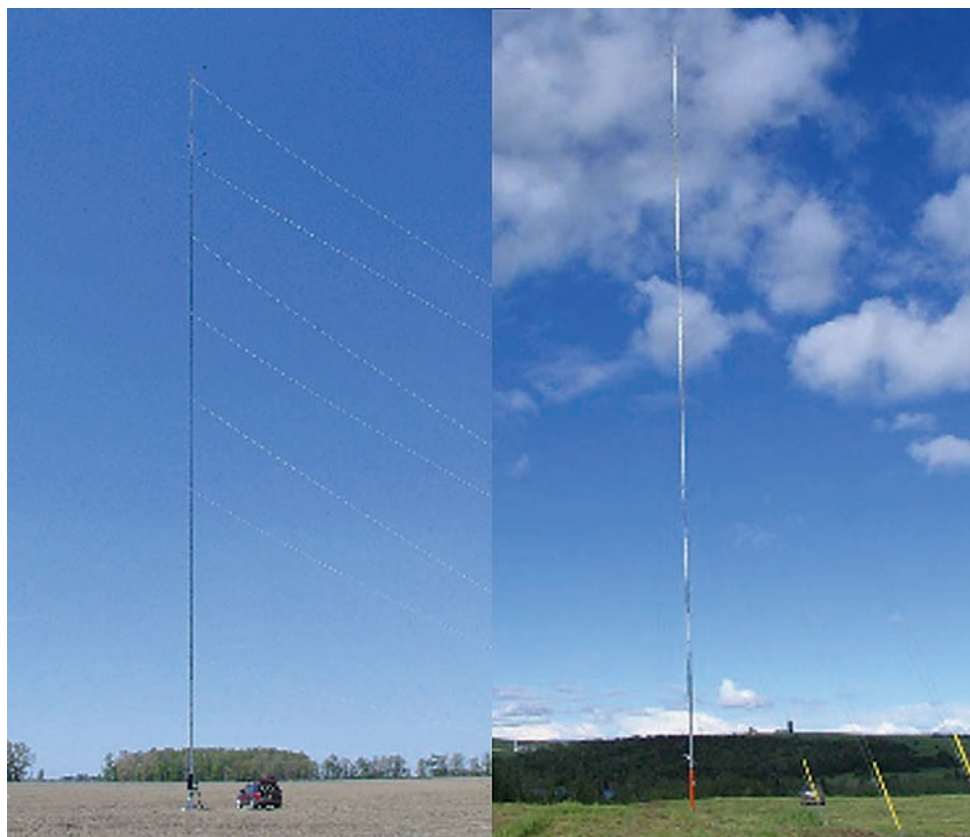
The information collected in relation to both the wind speeds and wind directions from the anemometer and wind vane respectively are recorded on electronic chips on a miniature, battery-operated

computer called a data logger. The data recorded on these chips is downloaded on a regular basis and used in the analysis of wind characteristics.

All the data collected from the masts installed at a site are used in correlation with past wind trends recorded by Environment Canada stations to help forecast future energy production yield estimates.

Even on a single wind turbine site, the wind speed and direction can vary significantly throughout the project area depending on the roughness of the terrain, obstacles, and topography. This is why it is usually recommended to use data recorded from more than one mast.

In summary, wind measurement masts provide accurate estimates of the wind characteristics on a particular project site. This information is instrumental in the best possible positioning of wind turbines and subsequent optimal wind farm energy production.



From the Municipality

In late July, the municipality of Chatham-Kent organized two Wind Energy Public Information Seminars to address, among other topics, landowner issues as they pertain to wind energy developers. Attendance to the two meetings exceeded 300 people and many of the questions raised pertained to taxation and zoning. KEPAnews therefore decided to contact the municipality to discuss these important issues.

Gerry Murphy, Senior Planner, Municipality of Chatham-Kent and Chair of the Municipal Wind Energy Committee was kind enough to take time from his busy schedule to discuss the zoning and taxation issues that he has faced with regard to wind energy development in the municipality.

"In terms of taxes," noted Mr. Murphy, "it really hasn't created as much work as some other aspects have at the municipal level." Mr. Murphy went on to explain that the tax arrangement in Ontario is one whereby a branch of the Ontario government assigns a value to property, which in the case of wind energy projects is, among others, \$40,000 of industrial assessment, for wind turbine towers, per installed megawatt. The municipality then takes that value relating to wind turbine towers and multiplies it by the municipal tax factor, which in this particular case would result in a tax of \$2,400 per megawatt.

"It is important to remember," said Mr. Murphy, "that taxes are the property owner's responsibility. What we have been suggesting is that property owners be clear in their lease agreements with wind developers with regard to the additional taxes resulting from the installation of wind turbines."



Mr. Murphy went on to mention that in the event that the wind turbines cease and the property assessment is adjusted to reflect this, the taxes would revert back to what they were prior to the wind turbine being installed.

With regard to the zoning issues, Mr. Murphy told KEPAnews that the municipality has two planning documents, an Official Plan and a Zoning By-Law.

Mr. Murphy gave KEPAnews a brief history lesson about the municipality of Chatham-Kent, which we learned is an "amalgamated municipality", created in 1998. Prior to that, there were over 20 separate municipal governments, each of which had their own planning documents. Consequently, in 1998 when the municipality of Chatham-Kent was created, they inherited over 40 planning documents. One of the first orders of business was to create a new set of planning documents for the municipality. In doing so, the municipality involved the residents and one of the results of a very active public participation program was a strong need for municipal policies that supported renewable energy. "We set our minds to that, and it was actually about three years ago that we recognized the increasing interest in wind energy," said Mr. Murphy. "We surveyed other municipalities and took what we thought was the best out there to create the Chatham-Kent policies relating to wind energy projects." Mr. Murphy went on to note, "These standards have been reviewed by the general public and they have been reviewed by wind development interests within Chatham-Kent. No serious flaws were identified by anybody

pertaining to the policies and regulations that we have put in place."

"We provided Kruger Energy with Chatham-Kent's Wind Energy Standards and Policies at the onset of the project and were satisfied that Kruger Energy was able and willing to meet all of our requirements," explained Mr. Murphy. "Actually, they have said that, in a number of instances, they intend to go beyond our minimum requirements. For example, our policy states that the minimum setback from residential dwellings is 300 m and I believe that in most instances the KEPA turbines will be set back further than that."

When asked to describe his biggest challenge, Mr. Murphy said, "trying to bring everybody to the same level of understanding in terms of wind energy and what it is and what it is not." Mr. Murphy explained, "It is important to strike a proper balance between the interests of the wind developers and interests of the general community. The Wind Energy Committee wanted to make sure that internally, within the corporation of the municipality, we understood the issues and that we were prepared for a wind development project if and when it arrived; and the KEPA project did arrive."

"It is imperative that we are equipped to respond to questions whether they are from people interested in developing a wind project or from property owners interested in leasing to a wind developer or just the general public wondering what is happening," added Mr. Murphy.

"Wind energy is really not new," explained Mr. Murphy. "There are other parts of the world, even other parts of Canada, where it has existed for quite some time now. Although it may be new to Ontario, wind energy itself is not new."

Mr. Murphy concluded our conversation with an interesting observation: "I have noticed wind turbines in commercials for banks, commercials for new automobiles and even in music videos. I therefore tend to think that there is more of a growing acceptance of wind energy as it is associated with positive images."



On and on.

Powering your world
with renewable resources



From the field...



In this edition of KEPANews, we spoke with Neil Shanks of Shanks Seeds Ltd. Shanks Seeds cultivates, processes and ships soybeans to buyers halfway around the world, in Japan. Also of interest to our readers, one of Chatham-Kent's two wind measurement masts is located on their property.

KEPANews asked Mr. Shanks how he got started in the soybean business? "In the mid-1960's my father, Bill and his brother Bob started a seed cleaning facility, so I guess that we have kind of been brought up with the seed business," reminisced Mr. Shanks during our telephone conversation. "Our Japanese soybean business began sometime around 1997; so we have been in the food soybean business for just about 10 years now."

KEPANews couldn't help but ask Mr. Shanks about his famous Wall of Fame, to which he laughingly replied, "Well, what it is really, is a number of displays; put together several years ago to basically show our soybean growers what happens to the beans that they grow and supply to us. It is a kind of pictorial overview of the entire process from cleaning and packaging to shipping. There are even pictures of some of our customers, who use the soybeans to make tofu." KEPANews believes that Mr. Shanks is somewhat modest, because we have heard that the Shanks' Wall of Fame is really quite impressive!

The direction of our conversation changed and we moved to the topic of the wind measurement mast located on Shanks Seeds property and his thoughts on the subject. "The wind measurement mast was installed just a little over one year ago in May," said Mr. Shanks. "I think it is like anything else, once it has been there for a while, you don't really notice it anymore from a visual standpoint. Working around the mast with farm equipment certainly does pose some challenges, but it is not something that can't be dealt with."

"Soybeans are planted around the wind measurement mast," said Mr. Shanks. "It's not the most convenient structure to work around, in particular the guide wires; however that is just something you have to do," he added.

KEPANews asked Mr. Shank's for his views with regard to the proposed Chatham-Kent wind energy project. Mr. Shanks who had recently visited the Port Burwell wind project site said, "It certainly is a different landscape. Seeing windmills in fields will take some getting used to I am sure, but I think that we will get used to seeing them and not really notice them after a while."

"I think that we will be seeing more of these projects in and around the province," said Mr. Shanks. "Every day it seems that we hear about another electricity supply problem and the demand is certainly not going to decrease in the future. I personally think that the KEPA wind project is definitely a good thing."

KEPANews is delighted to have had the opportunity to speak with Mr. Shanks and we may all wonder from now on about the humble beginnings of the soybean that became the tofu in our next Miso soup!



Port Alma WIND POWER PROJECT

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Note from Jacques Gauthier, Senior Vice President and COO Kruger Energy

With this second edition of KEPANews, we enter into a new season and the cooler weather is upon us. The hours of daylight are decreasing and we will soon see this reflected in the fading landscapes. For many, this is a time for a change in their daily routines. For some it is a time to return to learning institutions to pursue their education and, for others, this is a time to harvest crops.

For us at Kruger Energy the change in season simply represents our renewed enthusiasm and a continuation of our efforts to the success of the Kruger Energy Port Alma LP (KEPA) wind energy undertaking.

In our premiere edition of the KEPANews, I shared with readers Kruger Energy's commitment, as part of our KEPA project, to establish and sustain strong communication in this important partnership with the Chatham-Kent Community. It is with this fundamental belief in mind that this change in season also represents for us an important occasion to revisit the

community and I am therefore pleased to announce our second Public Open House to take place on Thursday, September 7th from 4:00 pm to 8:00 pm at the Merlin Community Hall.


I am pleased to report that the KEPA undertaking is progressing as planned and that every aspect of the project is on schedule. Stantec, the environmental engineering consultants, continue to focus their efforts on the completion of the comprehensive environmental assessment. We, at Kruger Energy, continue to work closely with all of our collaborators on this important venture.

I, and the KEPA team, look forward to meeting with you and your fellow citizens at the upcoming Open House. In the meantime, I would like to remind you that your comments are important to us and encourage you to contact us via our KEPA toll-free dedicated telephone number, **1-866-599-9024** or through our website (www.kepawind.com).

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All Interviews are conducted and articles composed by Sofia St-Laurent

Mark Your Calendars!

✓ Port Alma Wind Power Project
Second Public Open House

When: September 7, 2006
4:00 p.m. - 8:00 p.m.

Where: Merlin Community Hall
150 Aberdeen Street
Merlin, ON

Contact us
1-866-599-9024
www.kepawind.com

