

■ Market segment dynamics

France is one of the windiest countries in Europe, but its potential for wind power still remains hardly explored compared with that its European neighbors, due to a preference for investments in the nuclear sector.

However, the goals established by the European Union in terms of the compulsory development of renewable energies and energies with no greenhouse effect (20% of total energy consumption in the EU by 2020, 75% by 2050), are causing France to rapidly make up this shortcoming.

The multi-year planning law for investments in this area for 2010 through 2015 has set goal of 13,500 MW installed between now and 2010 (and 17,000 MW by 2015). In 2006, no less than 1,200 MW have been granted in terms of new administrative permits. By 2015, the amount of investments that are necessary in France to meet the goal are 15 billion euros.

Off-shoring will also develop rapidly in France: out of the 17,000 MW (goal 2015), 4,000 must be off-shore, with its own buyback rate (130 euros/MWh).

The wind power industry is therefore in full bloom in France. All the main players (Gamesa, Vestas, General Electric Wind Energy, etc.) are in the process of multiplying the number of wind generators on our territory. Several wind parks have been in production over the last two years, whereas others are in the process of obtaining ad-hoc administrative permits (according to the regulations regarding facilities which are classified for environmental protection).

Utility companies (electric power companies) are also starting to enter the wind parks market. This is the case with ENEL or EDF.

■ France's attractiveness

Commercial and structural advantages:

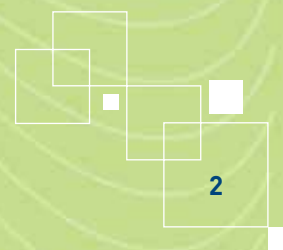
- France offers multiple solutions in terms of location, whether for production or for R&D activities; whether in terms of government investment assistance or available sites, investments in the wind power sector are

receiving very competitive location offers.

- Since the increasing size of the devices makes the systems difficult to transport, it is often preferable to assemble on site, directly in the final markets; by definition, this is therefore a local market with very little importation.

- In addition, France offers a network of subcontractors in specific fields (manufacturers of electrical material, electronics industry, metallurgical industry, aeronautics) which may allow an industrial company specialized in the production of wind turbines to carry out part of its production on site, either directly, or via subcontractors.

- In particular, the capacity of the French aerospace industry makes it possible to conduct very advanced aerodynamic studies (indispensable for the masts as well as for the blades), or to identify a potential subcontractor for the manufacture of the masts who would, for example, be already highly experienced in the production of cells and structures for aircraft.



Private and public support, recent measures:

Insofar as the operators of parks are concerned (whether or not manufacturers of the systems), the electric power operators (utilities) are required to buy back any energy produced. The buyback rate, which since 2005 has been set at 82 euros per MWh (valid for a period of 10 years), maintains a comfortable margin for the operator/manager of such a wind park, with the production cost per MWh of wind power being approximately 60 euros.

The requests for operating permits are to be filed with the relevant DRIRE.

■ International players in France

- Vestas established its subsidiary Vestas France in 2002 in Montpellier to respond to the specific characteristics of the French market. 118 Vestas wind turbines, totaling more than 124 MW, have already been installed in France.

Ebbe Funk, the President of Vestas Méditerranée A/S: "The new rules regarding rates signed by the French Government and the new domestic goal of 13,500 MW from wind sources installed by 2010, as announced by the French Government in July, form the basis for a strong development of the French market."

- La Compagnie du Vent ensures both technical design and administrative development of its wind power projects. In addition, it ensures the project management, from company selection to the reception of the final structures, as well as the organization and monitoring of construction sites.

A pioneer in the field of wind power in continental France, la Compagnie du Vent installed the first French wind park, located in Port-la-Nouvelle in Aude, in 1993. In France, la Compagnie du Vent owns and operates parks totaling more than 60 MW. In addition, five projects of la Compagnie du Vent were selected by the government within the scope of a tender regarding wind power. These sites, which are awaiting construction permits, should generate an additional 120 MW by 2008. Including the parks already in service, the production from the wind turbines installed by la Compagnie du Vent will reach 250 MW, i.e. one quarter of the wind power currently being generated in France.?