

Minister Fayval Williams
Ministry of Science, Energy & Technology
Statement in Parliament
Wigton Windfarm Ltd
April 16, 2019

Mr. Speaker, April 2019 is an important month in the history of divestment of government assets as it marks the fulfilment of goal #4 of the Government of Jamaica Privatisation Programme, which is to widen the ownership base and widen direct equity participation in the economy.

Over the years, the ordinary Jamaicans have watched from a distance the GOJ privatization program done by way of lease, concession, management contract, sale or divestment (assets or shares) and by other modalities such as outsourcing and Public Private Partnerships (PPP) that transfer significant management control to private firms.

Some familiar names of companies that have been privatized fully or through PPP's include: National Commercial Bank, Caribbean Cement Co., Jamaica Public Service Co. Ltd., Air Jamaica, Sangster International Airport, Jamaica Pegasus, Petroleum Company of Jamaica (PetCom), Caymanas Track Limited, Kingston Container Terminal and most recently NMIA.

Today, Mr. Speaker, Wigton Wind Farm Limited is being divested by way of a public offering on the main market of the Jamaica Stock Exchange. In the course of this happening, ordinary Jamaicans are given the opportunity to become educated about the stock or equity market, and have the opportunity to decide if they want to participate in the Wigton initial public offering or IPO or any other company that is listed on the main market or the junior market for that matter.

The details of the Wigton offer are as follows:

Eleven billion shares are being offered for \$0.50 each

The total gross proceeds from the offer are expected to be J\$5.5 billion.

The offer is scheduled to be open on April 17, 2019 and scheduled to close on May 1, 2019. The shares are available for all Jamaicans who wish to purchase. The government's mandate to the lead broker is a minimum of 10,000 ordinary Jamaicans.

The smallest purchase is J\$1,000 and this will buy 2,000 shares.

Of the 11 billion shares, 2.2 billion shares or 20% are reserved (set aside) for public sector workers: our police men and women, our military, our CPO's, our nurses and other health care workers, our solid waste workers, our teachers and educational professionals, our correction officer, our firefighters, all civil servants and government workers.

The allocation of shares will be done on a bottoms up approach, meaning, all applications, up to the first 10,000 shares will be met and then in increments of 10,000 until all shares are allocated. This ensures that ordinary Jamaicans will participate in the equity ownership of Wigton.

Additionally, the Cabinet directed that no one group of shareholders would be allowed to hold more than 10% of the outstanding equity at any one time, before the expiration of five years after the IPO; and thereafter, that stipulation could be amended by the affirmative vote of 51% of the shareholders on record and 51% of shareholders at an Annual General Meeting.

Cabinet also approved the new Board for Wigton Windfarm Limited with effect from 1 January 2019 for two years.

History

Mr. Speaker, Wigton Wind Farm, was conceptualized well before 2000 with the aim to boost Jamaica's usage of Alternative Energy and with the aim to champion and encourage the use of wind energy in Jamaica among its citizens, both in large scale installation as well as for personal energy consumption.

Wigton supplies electricity to JPS and has been doing so successfully for 15 years. It has a capacity of 62.7MW which it brought on in three phases, making it the largest wind energy facility in the English-speaking Caribbean having installed:

Wigton I which was 20.7 MW in 2004

Wigton II which was 18 MW which came on in 2010 and

Wigton III which came on in 2016 bringing the wind farm's total capacity to 62.7 MW, making it approximately 6.3% of the installed electricity generating capacity in Jamaica.

Through Wigton (phases 1 -3), we have avoided over 800,000 barrels of oil with an estimated savings of over US\$54 million as well as avoided over 1 million tonnes of carbon dioxide (CO₂).

Divestment Process

Mr. Speaker, the divestment process was transparent and testifies to good governance.

In November 2016, the DBJ was assigned as Transaction Manager and Secretariat to the Wigton Enterprise Team.

The DBJ engaged Ernst & Young (EY) in May 2017 through a competitive tender process to determine the fair market value of 100% of Wigton's equity.

The DBJ further engaged in a local competitive tender process for the Financial Transaction Structure Advisor & Stock-Broker. Mayberry Investments Limited won the tender.

Refinancing of Debt

Prior to announcement of the IPO, the DBJ undertook a competitive tender process to select a financial institution to undertake the refinancing of Wigton's approximately US\$52 million United States Dollar debt to Jamaican Dollar. Following that competitive tender process, JN Fund Managers was selected as the preferred financial

institution to provide the refinancing which amounted to approximately J\$7 billion.

I want to pause and acknowledge Managing Director, Mr. Milverton Reynolds and the team at DBJ for the tremendous work they have done to get us to this point, just 1 day before from the opening of the offer.

I want to acknowledge as well the management and staff at Wigton Wind Farm for their steadfastness over the years and for their contribution to Wind Energy Engineering in Jamaica for which the JIE (Jamaica Institute of Engineer) gave them an award.

Mr. Speaker, Wigton Wind Farm

- is a true pioneer in the field of wind energy for Jamaica.
 - is an example of government leading from the front in an area in which the private sector considered too risky at the time.
- Successive governments stood firmly behind Wigton.

- Wigton is doing its part to diversify Jamaica's energy mix, making our economy more resilient.
- Wigton, and by extension Jamaica, is doing its part in the race to reduce greenhouse gases so that the earth's surface does not warm more than it already has.

Integrated Resource Plan (IRP)

In the government's Integrated Resource Plan (IRP) for electricity generation, renewable energy features strongly in it. Our National Energy Policy 2030, when revised, will have renewables as 50% of our energy needs by 2030.

Integrated Resource Plan

Our Integrated Resource Plan is a manifestation of Jamaica's national energy policy 2009 -2030 which examined the energy situation we faced as a country and proposed a range of options and strategies which the government had to commit to pursue over the short medium and longer term. These options range from consciously incorporating energy conservation measures in our daily lives to modernizing the nation's energy infrastructure. The policy balances issues relating to energy

demand and supply, energy security, safety, conservation and development of renewable energy technologies. Through this policy, Jamaica can help to lead the Caribbean and other small island developing states in aggressively changing dependence on petroleum.

Use of Proceeds

Mr. Speaker, the use of proceeds of the Wigton IPO will be towards debt reduction to get us to our goal of 60% debt/GDP faster.

Additionally, Mr. Speaker, I fully expect to update the parliament upon the close of the transaction when we will have more complete information on the transaction.

Summary

As I close Mr. Speaker, over the history of Wigton, it is important to note that one government planted a tree, the next government watered and cared for the tree, the subsequent government ensured the tree was fertilized and pruned. That's how it should be in our democracy as successive governments continue good policies and programs started by prior governments. Policy continuity meaning, good policies when continued from one government to the next, enlarge Jamaica and keep our country moving in the right direction.

Thank you Mr. Speaker.