



COMPANY ANNOUNCEMENT

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SCPPA POWER PURCHASE AGREEMENT UPDATE

EnviroMission and the Southern California Public Power Authority (SCPPA) have ceased negotiations relating to the Power Purchase Agreement (PPA) for power off take from EnviroMission's proposed La Paz Solar Tower development in Arizona.

EnviroMission's PPA with SCPPA, first announced in November 2010 and subsequently disclosed by SCPPA, was the outcome of EnviroMission's successful submission to a SCPPA Request for Projects (RFP); EnviroMission's bid was the only successful solar technology selected at that time.

Recent changes by the State of California to the Renewable Portfolio Standards of energy generators in California, placed pressure on SCPPA members to provide certainty of delivery of their Power Purchase Agreements that resulted in SCPPA and EnviroMission ceasing negotiations.

"EnviroMission Inc. (EnviroMission's USA based subsidiary), with representation from EnviroMission Limited, attended a meeting of SCPPA members in October 2012 to discuss an addendum to the PPA that would make confirmation of project finance a more realistic condition of delivery of the PPA.

"EnviroMission could not realistically meet the SCPPA timetable created as a result of the pressure placed on SCPPA members by the California RPS mandate," EnviroMission Chief Executive, Roger Davey, said.

EnviroMission is confident that the increasing cost of carbon based generation and the cost and availability of water now regarded as a key factor of production, will continue to ensure that power from the Solar Tower will remain as highly marketable because it will remain a future low cost, base-load, clean energy generator that will not use water in the electricity generation process.

EnviroMission and partners of the project remain totally committed to the delivery of the project and are continuing with development as planned.

"The exit from the PPA does not in any way prevent EnviroMission from resubmitting to any future SCPPA RFPs for renewable energy, however it does now provide EnviroMission with additional options to meet those interests expressed by the project financier in the environmental credits and ownership of the project, that have to this point in time, been outside the scope of the financial negotiation," Mr Davey said.

Ends.