



November 1, 2000

Electric Power Development Co., Ltd.

## **Participating in IPP Project of Debris-Fired Power Station in Tianshi, China**

Electric Power Development Co., Ltd. ("EPDC") has decided to participate in the Debris-Fired Power IPP Project under construction in Tianshi Province, China; and has made and entered into the "Joint Agreement" between the parties for establishing a local joint venture as a project company. In addition, EPDC will receive an order of business consultation in relation to operation and maintenance from the local joint venture. This will be the first IPP project to be conducted in China by the Japanese electric power company.

### **1. Outline of Project**

The location of this project is famous for the production of coke. Unlawful dumping of coke debris causes environmental deterioration, resulting in social problems.

Under these circumstances, this project was established as an environment-friendly resource saving comprehensive utilization type power generation project which is the first foreign capital item in China. As for the participation, excellent achievements of EPDC in the High Sulfur Coal Desulfurization Technology Demonstration Test (entrusted from MITI) at the Taiyuan No. 1 Power Station have resulted in requests for EPDC to participate in the project.

EPDC has decided to take part in the project in response to this request according to the following comprehensive considerations: (a) Technical involvement in effective utilization of coke debris, which is a waste substance, will contribute greatly to the world; (b) Shanxi Province government and EPDC have a good relationship through purchasing coal and the above-mentioned desulfurization project; and (c) Power generation facility is almost completed.

**(1)** Location: Lingshi Prefecture, Shanxi Province, China (Approx. 160 km south of Taiyuan City, Shanxi Province)

**(2)** Type of generation: Debris and low-quality coal-fired, internal circulating fluidized-bed boiler power

generation.

Low NOx emission-type power generation with desulfurization efficiency of 90% and dust removal efficiency of 99%

**(3)** Output: 2 x 25 MW

**(4)** Fuel: Debris disposed in the process of coke production and low-quality coal

Note: Debris is supplied free of charge based on the approval system concerning resource saving comprehensive utilization of the Chinese government.

**(5)** Scheme: BOO (Build, Own, and Operate) Method

**(6)** Selling excess power to: Shanxi Province Power Corporation

**(7)** Business company: Shanxi Tianshi Power Corporation

**(8)** Operation & maintenance: Shanxi Liulin Power Corporation

**(9)** Overall operation cost: Approx. 248 million yuan (Approx. 3.2 billion yen) [investment, 40%; borrowing, 60%]

**(10)** Loan: Financed by the Industrial & Commercial Bank of China, with a guarantee of Shanxi Province Regional Power Corporation.

**(11)** Schedule:

December 1998 - Started construction.

December 2000 - Starts commercial operation of Unit No. 1.

February 2001 - Starts commercial operation of Unit No. 2.

## **2. Outline of Joint Venture**

**(1)** Name: Shanxi Tianshi Power Corporation

**(2)** Location: Lingshi Prefecture, Shanxi Province, China

**(3)** Capital: Approx. 99 million yuan (Approx. 1.29 billion yen using an exchange rate of 13 yen against 1 yuan)

**(4)** Investment ratio:

Shanxi Province Regional Power Corporation 48% (Approx. 620 million yen)

EPDC 24% (Approx. 310 million yen)

Lingshi Prefecture Power Development Corporation 15% (Approx. 190 million yen)

Nissho Iwai Corporation (China) 12% (Approx. 160 million yen)

Jinxin International Investment Corporation (Hong Kong) 1% (Approx. 10 million yen)

\* Board of Directors consists of eight persons. This includes one vice chairman, one director from EPDC, and one director from Nissho Iwai Corporation so that the Japanese directors can occupy three-eighth of the Board of Directors, securing 33.4 percent or more of the Board of Directors for invoking veto rights.

(5) Outline of Business: Construction and operation of two power generation units with 25 MW capability and selling of generated power.

### **3. Outline of O&M Consultation Business**

(1) Party to the contract: Shanxi Tianshi Power Corporation

(2) Business contents:

(a) Introduction of advanced preventive conservation technology

(b) Pursuit of reasonable operation and maintenance system; and advice to prevent accidents

(c) Advice for development of effective utilization technology of fluidized-ash

(3) Contract price: Unsettled

End of announcement