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Electric Power Development Co., Ltd.

Award of Commission for Conducting a Study to Support the Procurement Activities for the North Luzon Wind Power Development Project in the Republic of the Philippines - The First Commercial Wind Power Development Project in the Southeast Asian Region -

J-POWER has been awarded a commission from the Japan Bank for International Cooperation for the execution of a study in support of the procurement activities for the North Luzon Wind Power Development Project in the Republic of the Philippines.

J-POWER's work will include mainly the support activities for the bidding procedures for what will be first wind power project ever undertaken by the Philippine National Oil Company (PNOC) - Energy Development Corporation (EDC) (*1) as the executive body.

These activities have been in progress since September 2002 and are expected to take ten months until July 2003.

With the award of this commission, J-POWER's consulting service record has reached a total of 202 projects in 58 countries (making it the sixteenth project in the Philippines alone).

Overview of the North Luzon Wind Power Development Project

The North Luzon Wind Power Development Project is a special yen-loan undertaking signed between the Japan Bank for International Cooperation and the Philippine National Oil Company (PNOC) - Energy Development Corporation (EDC) in March 2002 with a total cost ceiling of around 5.9 billion yen.

Aimed at developing environmentally low-impact national energy resources, its objective is to expand power supply through the construction, in the Ilocos Norte Province of the Northern Luzon Island, of a roughly 40,000kW scale wind power plant and of an approximately 42km power transmission line connecting the facility with the nearby trunk transmission line.

This Project will also have a unique importance for the Southeast Asian region as the first commercial wind power development ever undertaken in this part of the world. Harnessing as it does renewable

energy, the project holds promise of making a contribution to reducing the level of dependence on fossil fuels and of preventing global warming (curbing CO2 emission) through the use of environmentally low-impact wind power. In view of the importance of wind power as an energy resource with a great potential for the Philippines, there is a significant prospect for the diffusion of its use.

Background Facts and Events Leading to the Project

- (1) Power demand in the Philippines is forecast to grow at a high rate, the current supply situation shows a roughly 60% dependence on coal and oil imports to meet the nation's total energy demand. Efforts are being made to reduce this high level reliance on imported energy through the development of national energies. In this context, the use of renewable energies, including wind power in particular, offers a promising potential for the future.
- (2) The Philippine government has approached the Japanese government for a loan to fund the purchase of materials, equipment and services required for the execution of the Project, and an agreement has been reached between the two governments for the grant of a special yen loan to a ceiling amount in the order of 5.9 billion yen.
- (3) In order to enable PNOC-EDC to proceed with the procurement activities in a proper and speedy manner, J-POWER was by the Japan Bank for International Cooperation nominated as the provider of the consulting services required for this Project and an agreement has been signed between the parties for the provision of support services in the pre-tender qualification screening process and for the execution by J-POWER of a project study in support of the bidding procedures.

Outline of the Consulting Services Provided by J-POWER

- (1) Contractual Partner: Japan Bank for International Cooperation (JBIC)
- (2) Nature of Services: Design of wind power generating facilities and procurement of materials and equipment and installation thereof as well as consulting services for the international bidding procedures with subcontractors for the procurement and installation of the equipment related to the transmission and transformer facilities. These services include:
 - 1) Support in the preparation of pre-tender qualification screening and bidding documentation
 - 2) Support in the evaluation of pre-tender qualification screening and bids.
- (3) Service period: 10 months commencing in September 2002

* Founded in 1976, the Philippine National Oil Company (PNOC) - Energy Development Corporation

(EDC) is wholly owned by the Philippine National Oil Company (PNOC) which in turn is a public corporation fully owned by the Philippine government. It is mainly active in the development of geothermal energy and the development and operation of geothermal power facilities. Since its establishment, PNOC-EDC has developed approximately 11,500MW of geothermal energy throughout the Philippines.

End of announcement