

## **The Power Purchase Agreement 2007**

Party A: Sichuan Fuyuan Electricity Co.,Ltd (following as Party A)

Party B: Sichuan Liyuan Electricity Development Co., Ltd (following as Party B)

Based on the characters of local grid and Wanba River Hydropower Station (69MW), which is only the qualified hydropower station that satisfying the peak regulation and frequency regulation requirements, both parties signed the agreement under the voluntary, fair, justice and mutual benefit principal, the terms and conditions of this agreement are as following:

### **1. The metering point and metering method**

- (1) Party B generates electricity, and connects to the grid of Party A through 110 kV bus line.
- (2) Party B connects to the grid at Lijibao 110kv transform substation. The voltage is 110kV, the metering point is at Lijibao, the number of the switch is 10908, the current transformer is 300/5A, the voltage transformer is 110000/100v, and the rate is 66000. The property of metering apparatus is belonging to Party B. After the examination and sealed by Simian Quality and Technique Supervision Bureau, any party shall not replace, change or modify the transmission line without prior written consent by other party. Otherwise, the non-defaulting party shall claim for compensation according to regulations in the <Electricity Law>, <Measuring Law> and <Simian County Grid Management Regulation>.

### **2. The examining calculation and electricity settlement**

- (1) When in July, August, and September in 2007, Party A confirm that the electricity generation capacity of Party B has reached the designed capacity, the confirmed effective electricity provided to the grid could be 250 million kWh. The planned electricity provided to the grid (effective electricity  $\times 1.06$ , including line loss) by Party B shall be calculated and confirmed by both parties, the permissible inaccuracy between the actual electricity generated and planned electricity is 5%.

Unit: ten thousand kWh

Month	Jan	Feb	Mar	Apr.	May	Jun
Electricity	1280	1100	1050	1200	2750	3040
Month	Jul	Aug	Sep	Oct	Nov	Dec
Electricity	3040	3040	3040	3010	2200	1750

- (2) Both parties record the electricity at the metering point together on 20<sup>th</sup> in each month.
- (3) The average grid price is 0.1709 Yuan/kWh without VAT.
- (4) The calculation of active and effective electricity
  - 1) The metering electricity is the calculating electricity ;
  - 2) When the calculating electricity is exceeding planned electricity, the planning electricity is prevailing;
  - 3) When the calculating electricity is less than planned electricity, and
    - (a) The failure to reach the planned electricity is caused by the reason as nature and equipments problems, the calculating electricity is prevailing ;
    - (b) The failure to reach the planned electricity is caused by when dispatching, as increasing electricity charge against decreasing electricity, the value is the calculating electricity add decreasing electricity, and the value shall not exceed planned electricity
    - (c) The failure to reach the planned electricity is caused by transmission line repairing and spanning, the value is the planned electricity deducting the decreased electricity.
  - 4) If Party B do not obey the dispatching order, once this disobeying behavior occurs one time, electricity generated in one day will be deducted; if occurs two times, electricity generated in two days will be deducted, until all the electricity generated in this month has been deducted.
  - 5) The calculation formula of effective electricity :
    - (a) The calculating electricity > planned electricity: the effective electricity = planned electricity × (1 - 0.06) - disobeying dispatching electricity
    - (b) The calculating electricity < planned electricity: the effective electricity = [planned electricity + (dispatching decreasing electricity - dispatching increasing electricity)] × (1 - 0.06) - disobeying dispatching electricity
  - 6) Capacity of idle power: The power factor is calculated based on the actual situation for the local grid, the inaccuracy is ±1%. The exceeding electricity is deducting from the effective electricity.
  - 7) The payment method: Party B provide capital plan in every month, and Party A pay for the electricity fee after the consent of Party A. Party A shall pay all the due payment in 2007 to Party B at the January of 2008.
3. Other provision
  - (1) Party B is responsible for the transmission line inspection from the exit of station to the connecting point, and reported to the marketing department of Party A about the inspection result.
  - (2) The business license, taxation registration certificate, the ID card copies of the legal person shall be attached in the agreement as annex.
  - (3) The validity period of this agreement is from 20<sup>th</sup> December, 2006 to 20<sup>th</sup> December 2007. This agreement is in two original copies, and both parties held one original copy with equivalent legal validity. The agreement will be

effective with the authorized representatives has signed and sealed.

- (4) Any unsettled provisions shall be comply with relevant laws and regulation as  
<Electricity Law>, <The Electricity Supply and Utilization Regulation> and  
<The Grid Management Regulation of Shimian County>.

Party A:

The representatives of Party A:

Party B:

The representatives of Party B:

Date: 2006.12.18