

Source:

<http://www.tepco.co.jp/en/press/corp-com/release/07062101-e.html>

Press Releases

Press Release (Jun 21,2007)

Participation in Chilean Biomass Power Generation CDM Projects -TEPCO to purchase carbon (CER) to be produced under the biomass power generation CDM projects using woody biomass

The Tokyo Electric Power Company, Incorporated (TEPCO) has concluded a Certified Emission Reductions Purchase Agreements with the Chilean integrated forest product company, Arauco ^(Note 1), today. Accordingly, TEPCO purchases Certified Emission Reductions generated by the two biomass power generation CDM ^(Note 2) projects that Arauco has been carrying out.

Arauco has built two power plants, each of which generates 30MW using woody biomass (sawdust, bark, mill ends, etc.) as fuel in each of their pulp/saw mills in the Nueva Aldea Industrial Complex and the Trupan Industrial Complex in the 8th Region of Chile, in order to supply electricity to the local electric system Central Interconnected System (Sistema Interconectado Central [SIC] ^(Note 3)) as well as supplying electricity and heat to those two pulp/saw mills.

The effective use of woody biomass, which was disposed of unused, can reduce methane gas ^(Note 4) generation caused by decay or open-air burning. In addition, the biomass power generation can provide all the electricity consumed for the two mills and part of the electricity required for the local electric system, as well as reducing fossil fuel consumption. Consequently, the two projects will be expected to reduce greenhouse gas emissions of approximately 4.4 million tons (in term of carbon dioxide) for the period from 2003 through 2025.

TEPCO purchases approximately 480,000 tons of CERs that the UN's CDM Executive Board has issued for the two projects. For more information, see the attached sheets.

TEPCO will take the necessary steps required for the generation of CERs, after approval by the Japanese government of this as a CDM project is granted.

Taking measures to prevent global warming is one of TEPCO's most important management issues. Therefore, TEPCO will launch committed efforts to combat global warming, both at home and abroad, by implementing various measures to improve the efficiency in supplying and using electricity in Japan and acquiring emission reductions credits via active cooperation in overseas projects.

(Note 1) Arauco

Company Name: Celulosa Arauco y Constitucion S.A.

Company Location: Santiago, Chile

President: Jose Tomas Guzman

Establishment: 1979

Capital: Approx. 4,900 million U.S. dollars

Business Line: Manufacture, etc. of wood products, including pulp and plywood

(Note 2) Clean Development Mechanism (CDM)

A system under which developed nations and economies in transition participate in projects in developing countries to reduce greenhouse gas emissions (or increase carbon sequestration), and acquire credits for emission reduction amounts. Along with JI (Joint Implementation)

and ET (Emissions Trading), this is one of the initiatives of the Kyoto Mechanism. The Kyoto Mechanism is an economic mechanism, which allows for more flexibility in greenhouse gas reductions as set forth in the Kyoto Protocol in 1997.

(Note 3) Central Interconnected System (Sistema Interconectado Central [SIC])
The electric power system which supplies electricity to the area from the 3rd to the 10th Region of Chile, including the capital Santiago

(Note 4) Methane Gas

Because methane gas is 21 times more potent a greenhouse gas than carbon dioxide, greenhouse gases can be reduced by controlling methane gas generation.