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China Wind Concession Projects Awarded

- Update & Roundup

Winners of the 2006 concessions were informed by the NDRC on 11 September following final negotiations. By and large, the lowest bidders were awarded the concessions - the exception being the Baotou Bayin 200MW concession, where the second lowest bidder won. We note the following outcomes:

Huiteng Liang 300MW

For the Huiteng Liang project, two separate 300 MW projects appear to have been awarded.

One project will be developed by China Guangdong Nuclear Energy Co, Ltd and China Guangdong Nuclear Energy Development Co. Ltd. The feed-in tariff for this concession has not been announced, but we expect it to be at or close to the price contained in the bids.

The right to develop a further 300 MW at Huiteng Liang has been awarded to North Union Power Company – the second lowest bidder. North Union Power Company is a venture company with shareholders China Huaneng Group (51%), Zhongxin Taifu Co. Ltd. (20%), Shenhua Energy Co. Ltd. (20%), and Inner Mongolia Electric Power Investment Co. Ltd. (9%). (中国华能集团公司、中信泰富有限公司、中国神华能源股份有限公司、内蒙古电力投资有限责任公司). Interestingly, according to North Union Power's website, the project will be developed by Inner Mongolia North Longyuan Wind Power Co. Ltd. - a venture between North Union Power Company and the Longyuan Group. As such, this project will involve the incumbent and some aspiring domestic wind heavyweights.

The feed-in tariff will be RMB 0.42 including VAT. According to the company's website the investment will be RMB 2.63 billion and will use Dalian Heavy Industry model 70/FL1500 1.5MW turbines.

Huitengliang 300 MW Project - Bidders and prices 辉腾梁300MW风电项目				
	tariff (US\$/kW.h)	tariff (RMB/kW.h)	turbine local	
1	China Guangdong Nuclear Energy Co.Ltd.& China Guangdong Nuclear Energy	0.0507	0.4058	70%
2	North Union Power Company	0.0525	0.4200	79%
3	Longyuan Power Group & Hero Asia Company Limited	0.0562	0.4498	79%
4	Guohua Energy Investment Co. Ltd.& Shenhua International Hongkong Co. Ltd.	0.0565	0.4523	95%
5	China Datang Power Group	0.0625	0.5000	76%
6	Shanxi Luneng Hequ Power Generation	0.0637	0.5096	76%
7	China Huadian Group	0.0662	0.5299	80%
8	Huaneng New Energy Holding Co.Ltd.	0.0706	0.5651	71%
Company		incl. 8.5% VAT	incl. 8.5% VAT	content (%)

Note:13 companies purchased bidding document and 8 companies submitted the tender

Baotou Bayin 200MW concession project

The Baotou Bayin concession was awarded to Longyuan Power Group & Hero Asia Company Limited, the second lowest bidder for this concession.

China Longyuan Power Group is a subsidiary of Guodian and is China's largest wind project developer at present. Hero Asia Co Ltd. Is a wholly-owned off-shore subsidiary of Longyuan.

Longyuan's website confirms the feed-in tariff as RMB 0.4656 kWh including VAT, as per the bid.

Baotou Bayin 200MW concession project - Bidders and prices 包头巴音200MW风电项目				
	tariff (US\$/kW.h)	tariff (RMB/kW.h)	turbine local	
1	China Energy Conservation Investment Company & Hongkong Construction Holding	0.0571	0.4566	78%
2	Longyuan Power Group & Hero Asia Company Limited	0.0582	0.4656	94%
3	Beijing International New Energy Co. LTD. & Beijing Energy Investment Group	0.0600	0.4799	>70%
4	North Union Power Company	0.0625	0.5000	76%
5	China Huadian Group	0.0626	0.5010	79%
6	Guohua Energy Investment Co. Ltd.& Shenhua International Hongkong Co. Ltd.	0.0630	0.5036	81%
7	Shanxi Luneng Hequ Power Generation	0.0638	0.5100	76%
8	China Guangdong Nuclear Energy Co.Ltd & China Guangdong Nuclear Energy	0.0653	0.5221	78%
9	Huaneng New Energy Holding CO.Ltd.	0.0691	0.5525	80%
10	Datang International Power Stock Company	0.0694	0.5550	78%
Company		incl. 8.5% VAT	incl. 8.5% VAT	content (%)

Note: 15 companies purchased the bidding documents, 10 submitted the tender

Hebei Danjing River 200MW concession project

The Hebei Danjing River concession was awarded to China Energy Conservation Investment Company (CECIC) and Hong Kong Construction Holding Co. Ltd.

CECIC is China's state-owned renewable energy investment firm. The company has a wholly-owned subsidiary, Beijing Guotou Energy Conservation Co. that has been developing wind projects on the mainland. Beijing Guotou is developing Stage 1 of Zhangbei Manjing in Hebei (45MW) and Tuoli wind farm in Xinjinang (45MW). Beijing Guotou's future pipeline is focused on Zhangbei (up to 1 GW), and a further 55MW development at Tuoli.

In July, CECIC announced that it bought a 47.5% stake in wind turbine manufacturer, Zhejiang Windey Wind Generating Engineering for USD 5.0m. We would speculate that Windey turbines will be used at the concession project providing a scale-up order book Windey buttressing its plans to raise capital by going public.

Hongkong Construction Holding is a Hongkong-listed civil engineering, construction and power company. The largest shareholder of Hongkong Construction Holding is Shanghai Construction Group (24%). Hongkong Construction Holding has invested a 60 MW wind farm in Heilongjiang now under construction according to the company's website. Also, a subsidiary of the company signed an agreement with the government of Siziwang Banner, Xilinguole to develop up to 1000MW of wind capacity in the banner by 2020.

The feed-in tariff for the Danjing River project is not mentioned on CECIC's website, but again, we expect the bid price.

Hebei DanJing River 200MW concession project - Bidders and prices 河北张北阜平涿州200MW风电项目				
	tariff (US\$/kW.h)	tariff (RMB/kW.h)	turbine local	
1	China Energy Conservation Investment Company & Hongkong Construction	0.0626	0.5006	79%
2	Guohua Energy Investment Co. Ltd.& Shenhua International Hongkong Co. Ltd.	0.0627	0.5018	78%
3	China Guangdong Nuclear Energy Co.Ltd.& China Guangdong Nuclear Energy	0.0632	0.5058	78%
4	Shandong Luneng Development Group Co. LTD.	0.0647	0.5173	96%
5	Shanxi Zhangze Power Shareholding Company	0.0650	0.5198	80%
6	Huadian Power International Corporation Limited	0.0659	0.5269	80%
7	Longyuan Power Grou+ Hebei Construction Investment Company	0.0690	0.5518	80%
8	Huaneng New Energy Holding CO.Ltd.	0.0751	0.6010	81%
Company		incl. 8.5% VAT	incl. 8.5% VAT	content (%)

Note: 14 companies bought bidding documents and 8 companies submitted tenders

Sources:

China Electric Power News 14 Sept
 North Union Power Company website. ([www. www.nupc.cn/about/sjj.htm](http://www.nupc.cn/about/sjj.htm))
 Longyuan Website: [www. www.clypg.com.cn](http://www.clypg.com.cn)
 CECIC website: www.cecic.com.cn
 Hongkong Construction Holding website: <http://www.hkconstruction.com/eng>

