

Grid Connection Agreement for Wanba River 1st Level Hydropower Station

Party A: Sichuan Fuyuan Electricity Co (following as Party A)

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

Based on the regulation in <Electric Power Law of People Republic of China>, <Power System Dispatching Management Regulation> and <The Shimian County Grid Management Regulation>, targeting at clarify the rights and obligation for both parties, guarantee the integrated dispatching, integrated commending for grid operation, and safety, reliability and consistency for the grid, both Parties reach the agreement as following based on the voluntary, equal, fair and mutual benefit principle. The term and regulation for this project are as following:

1. The time, nature and method of connecting to the grid

(1) Party A agrees to accept Party B connecting to the grid for 10 years. Party B are willing to select the method as generate power and not supply power through 35 kV line connecting to the grid which is operated by Sichuan Fuyuan Electricity Co., Ltd. The ownership for all the measuring instruments is belonging to Party A. After the examination and sealed on this instrument by Shimian County Quality and Technique Supervision Bureau, neither party shall have the rights to replace the measuring instrument, and repair or change the line. Once the occurrence of these behaviors mentioned above, the other party has the rights to claim for compensation based on the relevant laws and regulations.

(2) Party B will connect to the grid at Lijibao Transformation Substation 110 kV line, the connecting voltage is 110kV. The electricity power connecting to the grid is arranged by Party A. If Party B connects to any third grid, Party B should compensate for the fees caused for connecting grid for Party A. The ownership boundary for Party A and Party B is at the connection of Lijibao Transformation Station.

(3) Party B will connect to the grid of Party A since the power generation date.

(4) The grid price should employ 0.15Yuan/kWh.

2. The grid management

1. Based on the regulation in <Grid Dispatching Management Regulation>, Party B should follow the grid dispatch, and shall not change the operating method without consent;

2. Party B should strengthen the management, and report the generated electricity clarified as in abundant water season and drought season. If there happened specific reason that is necessary to temporarily change the electricity plan, Party B should present report to Party A. Party A should dispatch electricity for Party B based on the adjusted plan.

3. There should be reliable communicating device available at the project site (telephone, radio station, carrier wave), and keep the communication smoothly at any

time.

4. Party shall not stop the generator without the written consent by dispatcher. If the generator need stop generation for long period, it is required to present written report to dispatcher to ask for approval. Once the dispatcher has approved, the generator could stop. During the operation period, it is required to follow the dispatch and arrangement by dispatchers, otherwise, the dispatch has the right to disconnect the switch of Party B, and execute the penalty according to the regulation in <Shimian County Grid Management System>.

5. When the transmission line or the transformation device planning to prepare, it is required to present written report to Party B prior 2 days. When there is the temporary mending or the sudden accident, the dispatch will inform Party B.

6. If Party B stops the generator for overhaul or the device need great change, Party B should present request to Party A for approval. Then, after the examination and approval by Shimian County Quality and Technique Supervision Bureau, the generators and device could be in operation. Otherwise the loss and damages by Party should be responsible by Party B.

7. Party B should install high frequency protection; otherwise Party A shall have the right to stop Party B connecting to the grid.

3. Rights and obligation

(1) Both parties should strictly follow and execute the rights and obligation regulated in <Shimian County Grid Management Regulation>

(2) Once either party breach this agreement, the party should be punished by <Shimian County Grid Management Regulation>

(3) Any safety and responsible accident happened inside the self-supply area and property area of Party B should be responsible by Party B.

(4) If the power generated by Party B is necessary to connect to any third party, Party B should provide the approval evidence for Party A issued by the third grid property owner, otherwise, any loss and damages caused by this should be responsible by Party B.

(5) If Party B has the intention to terminate this agreement, Party B should present written report to Party A prior of 3 months. After the approval by Party A and liquidating the relevant fees, Party B could disconnect to the grid. Otherwise, Party A reserves the rights to Party B to ask for the relevant compensation from Party A.

4 Others

1. This agreement should be renewed once a year after Party B connecting to the grid.

2. The copy for business certificate, the tax registration certificate, and the identification card of legal person for both parties should be listed as annex of this agreement.

3. This agreement is signed in two original copies, with each party holding one original copy and with equal validity. The agreement is in validity after the signature of legal representatives and sealed by both parties.

4. Any issues unsettled in this agreement should be carried out complying with the laws and regulations in <Electric Power Law of People Republic of China>, <Power Supply and Utilization Regulation> and <The Shimian County Grid Management Regulation>,

Party A: Sichuan Fuyuan Electricity Co.

The signature of Party A

Party B: Sichuan Liyuan Electricity Development Co., Ltd

The signature of Party B

2003.6.16