<Reference>

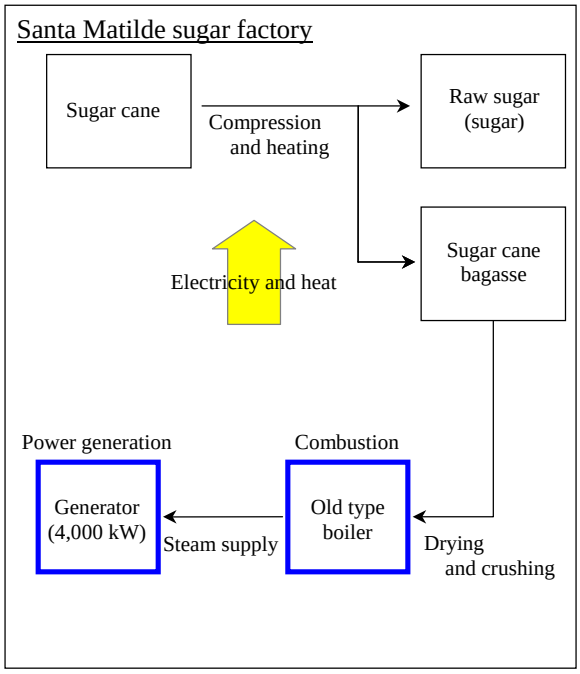
Outline of Biomass CDM Project in Honduras

1. Outline

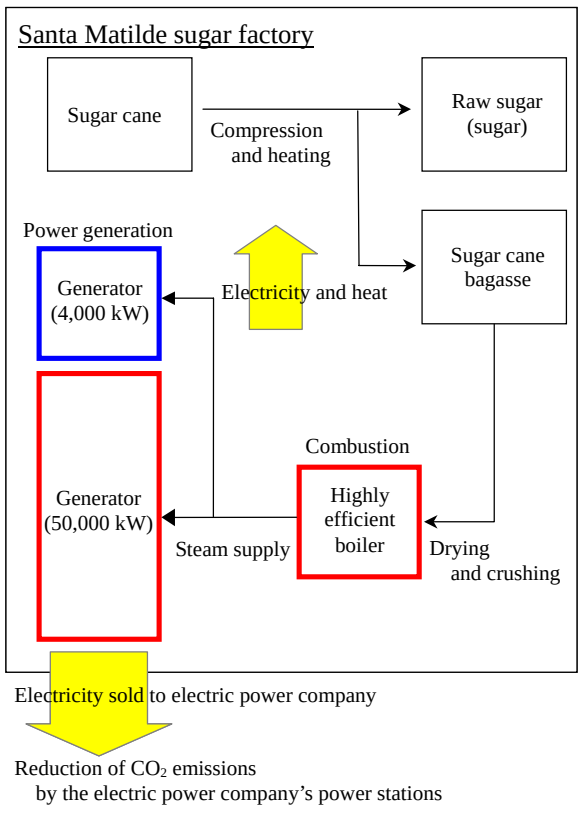
- In this CDM project, Compañía Azucarera Hondureña's sugar factory (Villanueva City in northern Honduras) will upgrade its boiler to a highly efficient and high pressure boilers, install new generators (combined output to be expanded from 4,000 kW to 54,000 kW) by stages, and sell surplus electricity from the expanded facilities to Empresa Nacional de Energía Eléctrica (ENEE).
- Under this project, biomass power generation will replace some of the energy generated by thermal power stations of Empresa Nacional de Energía Eléctrica (ENEE), which is expected to restrain the consumption of fossil fuels and reduce CO_2 emissions by about 360,000 tons in the eight-year period between 2005 and 2012.
- The project operation and management including facility construction will be conducted by Compañía Azucarera Hondureña S.A., and TEPCO will purchase 300,000 tons (CO_2 equivalent) of carbon credits generated by this project.

2. Conceptual Diagram of the Project

【Conventional processes】



【Processes in this project】



3. Time of Commencement

Sales of electricity started in February 2005.

4. Location of Project Implementation

Compañía Azucarera Hondureña's Santa Matilde sugar factory (Villanueva City in northern Honduras)

【Santa Matilde sugar factory】

5. Facilities

(1) Highly efficient boiler

In February 2005, the old type low pressure boiler (steam pressure of about 15 atmospheres) was replaced with a highly efficient and high pressure boiler (steam pressure of about 60 atmospheres), which substantially improved the steam generation efficiency.

(2) Generators

New generators will be additionally installed by stages so that the factory will eventually have generators with a total output of 54,000 kW when combined with existing facilities.

Prior to project commencement: 4,000 kW (for auxiliary use only)

February 2005:	Addition of 30,000 kW (6,000 kW x 1 unit, 12,000 kW x 2 units)
2007 (scheduled):	Addition of 10,000 kW (10,000 kW x 1 unit)
2011 (scheduled):	Addition of 10,000 kW (10,000 kW x 1 unit)
Total:	54,000 kW (Addition of 50,000 kW)

【Highly efficient boiler】

【Additionally installed generators】

6. Greenhouse Gas Reductions

Approx. 360,000 tons (CO_2 equivalent) (Total in the eight-year period between 2005 and 2012).

7. Construction Cost

Approx. 20 million US dollars