Guidelines of Request for Proposals for

Thermal Power Purchase 2015 FY

【 Summary Version 】

- This document represents excerpts of essential points of ”Guideline of Request for Proposals for Thermal Power Purchase 2015 FY”, “Supplement – Power Purchase Contract (Standard Contract)”, “Form for Submission” and “Supplementary Explanation”, and explains their outlines.
- Shikoku Electric Power Co., Inc. is to submit a bid by ourselves.

July 28, 2015

SHIKOKU ELECTRIC POWER CO.,INC.
YONDEN

Guidelines of Request for Proposals for Thermal Power Purchase 2015 FY【Summary Version】

1 Bidding Schedule

The bidding Schedule of 2015 FY is as the following.

March 31 (Tue), 2015	Bid Announcement (announced in "Electric Power Supply Plan, 2015 FY")
April 17 (Fri), 2015	Briefing Session for Potential Bidders, Announcement of the Draft Guidelines of Request for Proposals
April 17 (Fri) – May 15 (Fri), 2015	Announcement of Request for Comments (RFC), Period of RFC
June 23 (Tue), 2015	Publication of Results of RFC, Submission of Draft Guidelines of Request for Proposals(revised) to the Neutral Organization
July 28 (Tue), 2015	Briefing Session for Potential Bidders, Announcement of Request for Proposals, Commencement of Proposal Acceptance
Nov. 27 (Fri), 2015	Deadline for Submission of Proposals
January, 2016	Selection of Successful Bidder Candidates Submission of Draft Evaluation Report to the Neutral Organization
February, 2016	Award of the Successful Bidders
April, 2016	Conclusion of Power Purchase Contract with the Successful Bidders

・The bidding schedule is subject to change. The change, if any, will be announced on the website of Shikoku Electric Power Co., Inc. without delay.

2 Overview of Request for Power Supply

（1） Capacity of Required Power Supply

- The required power supply capacity is 500,000 KW.
- The Maximum Power Capacity per proposal is 500,000 KW.
- The aggregated power supply by plural power sources is allowed.

(2) Commencement Date and Term of Power Supply

- The bidder is required to set the commencement date of power supply in between April, 2022 to June, 2024.
- In case of aggregated power supply from sources with different operation commencement timing, the commencement date of the power supply is the time when the power supply from all the sources becomes possible.
- The Term of Power Supply is basically 15 years, and the bidder can set the term in between 10 to 20 years in the unit of 1 year.

(3) Maximum Power Capacity

- Maximum Power Capacity is the capacity that the bidder should be able to offer anytime throughout the Term of Power Supply except the period of maintenance or inspection of power generation facilities.
- Maximum Power Capacity is defined to be the maximum value available at the end of the transmission in every 30 minutes, and the bidder can set it no lower than 1,000 kW in the unit of 1 kW. However, if the bidder connects to the grid of other electric power company than Shikoku Electric Power Co., Inc., (hereinafter referred to as "**YONDEN"**) the unit should be 1,000 kW in principle.

(4) Annual Standard Load Factor, Annual Standard Electrical Energy

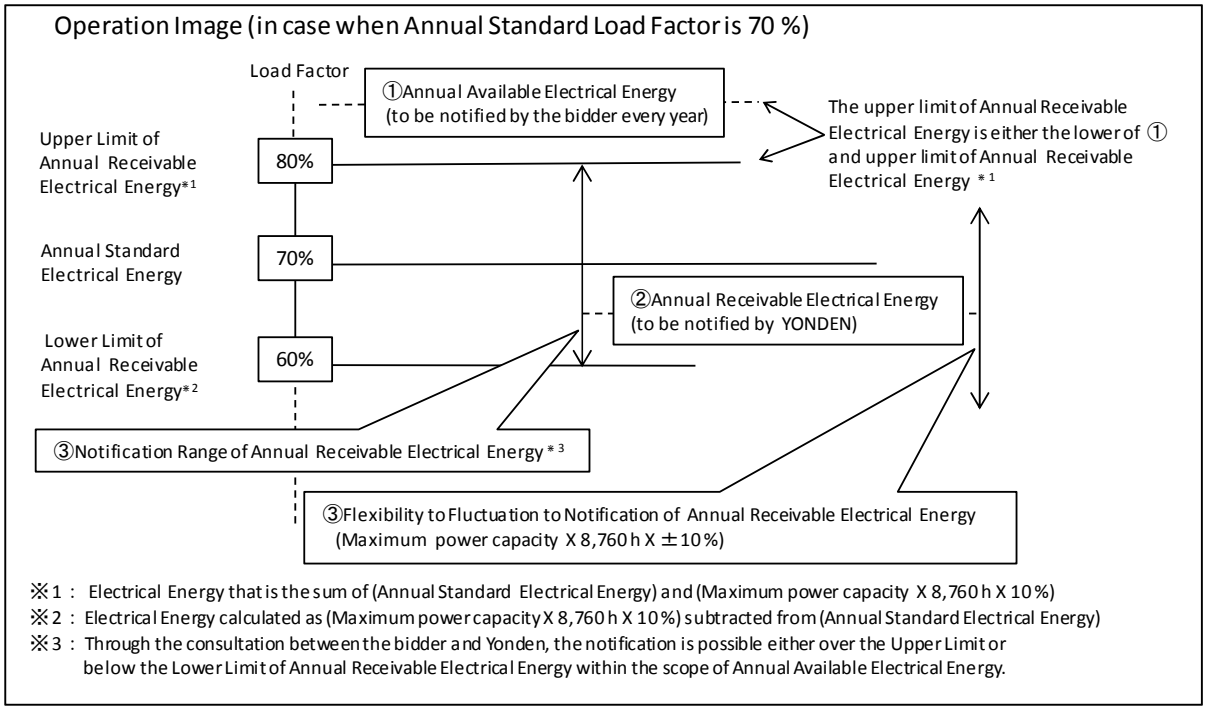
- Annual Standard Load Factor should be in the range of 65 % to 75 %, and the bidder can set the factor in the unit of 1 %.
- Annual Standard Electrical Energy should be calculated as the following based on Maximum Power Capacity and Annual Standard Load Factor.

Annual Standard Electrical Energy = Maximum Power Capacity × 8,760 hours ※ × Annual Standard Load Factor (%)

※ The annual standard electrical energy in the fiscal year which is less than one year is calculated on a prorated daily basis.

3 Operation Conditions of Power Generation Facilities

The operation conditions of the power generation facilities are as the following.



（1） Decision of Outage Plan of Power Generation Facilities

- The successful bidder is required to submit the outage plan of power generation faci lities by the end of every October. Upon the consultation with the bidder, YONDEN will decide the outage plan for the two years from the next fiscal year by the end of December.

  ※ If the successful bidder connects to the grid of other electric power company than YONDEN, the submission deadline of the outage plan is the end of September.

（2） Notification of Annual Available Electrical Energy（①）

- The successful bidder is requested to notify the electrical energy calculated as (outage-plan-derived reduced electrical energy) subtracted from the (multiplication of Maximum Power Capacity and the operation hours of the relevant fiscal year), namely (**Annual Available Electrical Energy**), for the three years from the next fiscal year, after the decision of the outage plan without delay for the approval of YONDEN.

（3） Decision of Power Delivery Pattern and Notification of Annual Receivable Electrical Energy（②）

- YONDEN will decide the daily power delivery pattern and the annual planned electric energy receivable (**Annual Receivable Electrical Energy**) of the next fiscal year by the end of every January, and notify it to the successful bidder.
- The Annual Receivable Electrical Energy is strictly within the range of the upper and lower limits as described below, and is not higher than the Annual Available Electrical Energy approved by YONDEN.

Annual Electrical	Upper Limit [kWh]	Annual Standard Electrical Energy [kWh] + (Maximum Power Capacity [kW]) X 8,760[hour] X 10 %)
	Lower Limit [kWh]	Annual Standard Electrical Energy [kWh] − (Maximum Power Capacity [kW] X 8,760[hour] X 10 %)

- Through the consultation with the successful bidder, YONDEN is able to notify the Annual Receivable Electrical Energy over its upper limit as far as it is within the range of Annual Available Electrical Energy.
- If YONDEN judges it is impossible to receive the electrical energy more than the lower limit of Annual Receivable Electrical Energy due to the inspection and/or repair of power generation facilities or power system, YONDEN is able to notify the Annual Receivable Electrical Energy below its lower limit in consultation with the successful bidder. YONDEN will explain the reason to the bidder in such case.
- YONDEN will notify the power delivery pattern of the following month to the successful bidder by the day of 25th of every month, based on the above-mentioned power delivery pattern and the Annual Receivable Electrical Energy that have already been notified to the bidder, and also in consideration of the latest power demand-supply condition.
- With the **notification time limit** of every Monday, YONDEN will notify the weekly power delivery in every 30 minutes (Notified Receivable Electrical Energy) of the following week (from the relevant Saturday to the following Friday) to the successful bidder.

(4) Change of Notification（③）

- YONDEN is able to change the Notified Receivable Electrical Energy, in consultation with the successful bidder, in case of unavoidable situations including demand-supply conditions even after the notification time limit(Change of Notification).
- The cumulative total of Notified Receivable Electrical Energy (Modified Receivable Electrical Energy in case that Change of Notification is made) in a fiscal year is strictly within the range of the upper and lower limits as described

below, and is not higher than the Annual Available Electrical Energy approved by YONDEN. However, this does not apply to the case where the successful bidder's prior consent is granted.

Cumulative total of Notified Receivable Electrical Energy in a fiscal year	Upper Limit [kWh]	Annual Receivable Electrical Energy [kWh] + (Maximum Power Capacity [kW] X 8,760 [hour] X 10 %)
	Lower Limit [kWh]	Annual Receivable Electrical Energy [kWh] − (Maximum Power Capacity [kW] X 8,760 [hour] X 10 %)

- In the event that YONDEN's cumulative total of Notified Receivable Electrical Energy in a fiscal year falls short of the lower limit of the Annual Receivable Electrical Energy on the reason for which YONDEN is responsible, YONDEN will make correction for the reduced thermal efficiency of facilities of the successful bidder within the scope of the shortfall.

4 Conditions to be Met by the Bidders

(1) Ceiling Price

- It is necessary that the Screening Price including the consideration of the power flow improvement discount rate and the cost of CO_2 –related measures (in case YONDEN is responsible for the final adjustment of CO_2 emission coefficient), etc. in addition to the bidding price is not higher than the ceiling price (the Screening Price calculated from the bidding price by YONDEN).
- The ceiling price is not made public.

(2) Technical Reliability

- The bidder is required to have an experience of electric power generation, or have technical support of those who have such experience, and thereby being ensured to have due technical reliability to execute continuous power supply.

(3) Flexibility to Fluctuation of Load Factor

- Regarding the Annual Receivable Electrical Energy, the bidder is required to have a flexibility of "Maximum Power Capacity X 8,760 h X ±10 %".

(4) Compliance with Laws and Regulations

- The power generation facilities must comply with the Electricity Business Act, Measurement Act and other environment-related laws and regulations related to power generating business.

(5) Connection of Power Generation Facilities to the Grid

- For connecting the power generation facilities of the successful bidder to the grid (including the case of changes of connection conditions due to the increased load, etc.), the bidder is required to complete the consideration of the

connection based on the guideline for the consideration of grid connection, etc. by the bidding date, and be ready to achieve commercial operation by the commencement date of the power supply to be set by the bidder.

- Prior to the bidding, the bidder is required to apply for the grid connection (tentative for the bidding).
- The successful bidder is required to secure the necessary construction period for building grid access facilities, etc.

（6） Approval of Power Purchase Contract (except the case where YONDEN is the successful bidder)

- The successful bidder is required to agree to the content of "Supplement – Power Purchase Contract (Standard Contract)".
- The successful bidder is required to conclude a contract, in consultation with YONDEN, based on "Supplement – Power Purchase Contract (Standard Contract)".

5 Calculation of Bidding Price

- The bidding price, which is the sum of annual fixed cost (capital cost and operation & maintenance cost) and annual variable cost (fuel cost and fuel purchase-related cost etc.), should be a flat price representing the average costs throughout the Term of Power Supply.
- When calculating the bidding price, the bidder is required to estimate on the basis of actual cost to the extent possible including the proposition of fixed cost and variable cost.
- The power line construction cost (specified biddr's cost to be borne by the bidder) out of ovrall grid connection construction cost should be included in the capital cost.
- The bidder is required to procure the auxiliary power in the power generation facilities during their outage from YONDEN or other company, and the relevant estimated cost should be included in the operation & maintenance cost.
- The CO_2 emission coefficient should be adjusted to the standard designated by YONDEN（0.551×10^{-3}t-CO_2/kWh）.
  If the bidder is willing to adjust the CO_2 emission coefficient by yourself in the case where the CO_2 emission coefficient is beyond our designated standard, the adjustment cost should be included in the bidding price.
  If the bidder chooses the adjustment by YONDEN, there is no need to include the adjustment cost in the bidding price, since it will be included by us in the evaluation process by multiplying the difference from our standard and the CO_2 price (2,100 yen/t- CO_2).
- The cost of fuel itself should be estimated based on the average actual price of Japan Import CIF price (see the table below), and it should be equivalent every

year for the whole contract period based on the Annual Standard Electrical Energy.

	Price ※	Statistical Item Number
Coal (for fuel use)	10,292 yen/t	MOF, Japan - Japan Trade Statistics "Coal for Fuel Use" (Principal Commodity Code:3010105)
Crude Oil (Crude Oil, Unrefined Oil)	69,320 yen/kl	MOF, Japan - Japan Trade Statistics "Crude Oil and Unrefined Oil" (Principal Commodity Code:30301)
LNG	88,705 yen/t	MOF, Japan - Japan Trade Statistics "LNG" (Principal Commodity Code:3050103)

※ The weighted average value of the actual price for the period of Jan. to Dec., 2014

- In the calculation of the bidding price, the price correction related to the price escalation of fuel and other commodities is not applied.
  In the actual payment after the commencement of power supply, YONDEN will adjust the cost based on various parameters submitted at the time of bidding.

6 Calculation Method of Screening Price and Appraisal Price

(1) Calculation Method of Screening Price

a. In case of the direct connection with the grid of YONDEN:

- Screening Price is calculated by adding the factors of the power flow improvement discount rate, the cost of CO_2 –related measures (in case YONDEN is responsible for the final adjustment of CO_2 emission coefficient), and business tax rate to the bidding price.

$$\text{Screening Price (yen/kWh)} = \frac{\text{Bidding Price} - \text{Power Flow Improvement Discount Rate} \pm \text{Cost of } CO_2 \text{ Related Measures (in case YONDEN is responsible for adjustment)}}{(1 - \text{Business Tax Rate})}$$

※ Power Flow Improvement Discount Rate is applied, based on YONDEN's wheeling service provisions (for general electricity business and specific scale electricity business) at the time of the decision of the bidding guideline, to power generation facilities connecting to power flow improvement evaluation districts.

※ Business Tax Rate to be 1.2888%.

b. In case of the connection with the grid of other electric power company:

- Screening Price is calculated by adding the factors of the CO_2 –related measures (in case YONDEN is responsible for the final adjustment of CO_2 emission coefficient), and business tax rate to the bidding price.

$$\text{Screening Price (yen/kWh)} = \frac{\text{Bidding Price} \pm \text{Cost of } CO_2 \text{ Related Measures (in case YONDEN is responsible for adjustment.)}}{\left(1 - \text{Business Tax Rate}\right)}$$

※ Business Tax Rate to be 1.2888%.

（2） Calculation Method of Appraisal Price

a. In case of the direct connection to the grid of YONDEN:

- Appraisal Price is calculated by adding the factors of the construction cost for the access to the grid other than power-line construction cost, (hereinafter referred to as "**Non-Power-Line Construction Cost**") to the Screening Price.

$$\text{Appraisal Price (yen/kWh)} = \text{Screening Price} + \text{Non-Power-Line Construction Cost}$$

※ The unit price of Non-Power-Line Construction Cost is calculated as annual average price of the construction cost related to the contracted power supply to YONDEN divided by the annual standard electrical energy, provided that if the contracted power supply is not the whole of the bidder's generation, it shall be proportionate to YONDEN's kW ratio.

b. In case of the connection to the grid of other electric power company:

- Appraisal Price is calculated by considering the factor of the necessary cost of the wheeling service and the transmission loss rate into the Screening Price.

$$\text{Appraisal Price (yen/kWh)} = \frac{\text{Screening Price}}{\left(1 - \text{Transmission Loss Rate}\right)} + \text{Cost of Wheeling Service}$$

※ Cost of Wheeling Service and Transmission Loss Rate shall be dependent on the value applied to the specific area where the bidder's contracted power generation facilities are located.

（3） Points to Consider for Calculation of Screening Price and Appraisal Price

- If the cost for the access to the grid especially for the power-line construction from bidder's power facilities (borne by the bidder), hereinafter referred to as "**Power-Line Construction Cost**" has to be changed due to the "Situation Change" such as the influence of other bidder's grid connection on the successful bidder's grid connection consideration, the bidding price should be recalculated and adjusted. If the successful bidder is selected with the revised bidding price, the contract will be made on the revised bidding price.
- In the case Non-Power-Line Construction Cost has to be changed due to the "Situation Change" as well, Appraisal price will be calculated based on the revised bidding price.

7 Selection of Successful Bidder Candidates / Successful Bidders

（1） Overall Point Calculation by Overall Evaluation System

YONDEN will calculate the overall points by the overall evaluation system in which price factors and non-price factors are converted into points.

a. Calculation of Price Factor Points

- The bidder with the lowest Appraisal Price is given 80 points (P) which means the full points in the price factor points. Then, the price factor points of other bidders are calculated based on the following formula;

$$\text{Price Factor Points} = \frac{\text{Lowest Appraisal Price (yen/kWh)}}{\text{Appraisal Price of the Concerned Bidder (yen/kWh)}} \times 80\,\text{P}$$

b. Calculation of Non-Price Factor Points

- Full marks of the non-price factor is 20 points, and items and conditions for point addition and point allotment are indicated in the table below;

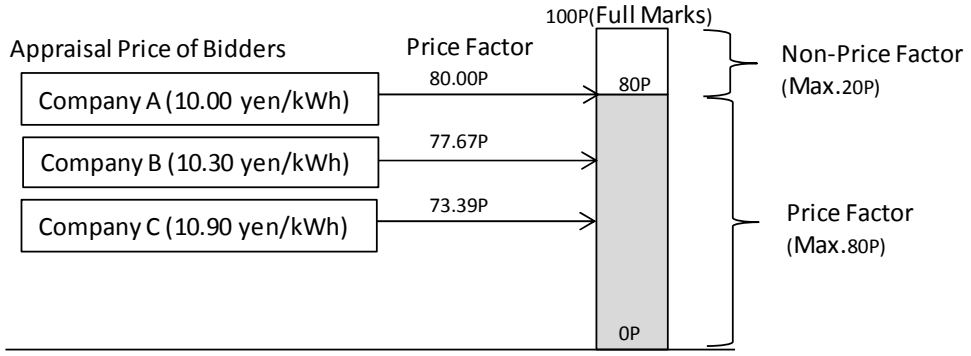
	Items for Point Addition	Conditions of Point Addition		Point Allotment
1	Flexibility of Demand – Supply Operation	Start/Stop	With DSS Function	2
			With WSS Function	1
		With Functions of Governor-Free and AFC		5
		Minimum Load	Less than 20%	1
			Less than 30%	0.5
2	Flexibility of Notification Deadline	Possible to Operate Continuously with Less than 40 % of Maximum Power Capacity provided that Notification Deadline shall meet the Requirements as Described on the Right.	With OTM Function which can follow the Dispatch Instruction	6
			Possible to Change up to the Day of Dispatch Instruction	4
			Possible to Change if Dispatch Instruction is Issued by One Day before the Change	2
3	Flexibility to Fluctuation of Load Factor	Flexible up to ±15%		2
4	Net Thermal Efficiency (LHV)	With Thermal Efficiency more than BAT Standard (A)+1.0%		2
		With Thermal Efficiency Equivalent to BAT Standard (A)		1
5	Security of Fuel Purchase	With Concrete Plan of Fuel Purchase		1
6	Consideration for Environmental Load	Utilization of Fuel with Low Environmental Impact (LNG, Biomass, etc.)		1
Total				20 (Maximum)

c. Evaluation with Overall Points

- The bidders are ranked in the descending order of the overall points which is the sum of Price Factor Points and Non-Price Factor Points. 100 P is the full point of the overall point.

Overall Points（Max. 100P） ＝ Price Factor Points（Max. 80P）＋ Non-Price Factor Points（Max. 20P）

<Reference> Image of Overall Evaluation System



【Calculation of Price Factor Points】
Company B = Lowest Appraisal Price (10.00 yen/kWh) / B's Appraisal Price (10.30 yen/kWh) X 80P = 77.67P
Company C = Lowest Appraisal Price (10.00 yen/kWh) / C's Appraisal Price (10.90 yen/kWh) X 80P = 73.39P

(2) Selection of Successful Bidder Candidates

- Summing up the Maximum Power Capacity of higher bidders in the descending order of the overall points up to the cumulative total of 500,000 kW, and the bidders from the top to the one who lastly came to reach the cumulative 500,000 kW are selected as Successful Bidder Candidates.

a. If the total of the Maximum Power Capacity up to the last bidder to reach the cumulative 500,000 kWh exceeds 600,000 kW, Successful Bidder Candidates are selected as following;

- YONDEN will request the last bidder to reach the cumulative 500,000 kW to recalculate the bidding price and reexamine Non-Price Factors required to reach the cumulative 600,000 kW.
- Based on the recalculated bidding price and reexamined Non-Price Factors mentioned above, YONDEN will recalculate the overall points. Thereafter, YONDEN will compare the overall points of the last bidder mentioned above and the next bidder in the order and the one with higher overall points is selected as one of the Successful Bidder Candidates.
- However, if the above-mentioned last bidder does not submit the recalculated bidding price, etc. by the due date designated by YONDEN, the next bidder in the order is picked up for the selection of Successful Bidder Candidates.

- Following the procedures set forth above, YONDEN will continue the selection of Successful Bidder Candidates until the cumulative Maximum Power Capacity up to the last bidder to reach the cumulative 500,000 kW comes down within 600,000 kW.

b. In case the overall points of the last bidder and the next bidder are equal, the evaluation shall be made in the following procedures;

Consid-eration in this order

① the one with higher price factor points
② the one with higher non-price factor points (1 Flexibility of Demand – Supply Operation)
③ the one with higher non-price factor points (2 Flexibility of Notification Deadline)
④ the one with higher non-price factor points (3 Flexibility to Fluctuation of Load Factor)
⑤ the one with higher non-price factor points (4 Net Thermal Efficiency)
⑥ the one with higher non-price factor points (5 Security of Fuel Purchase)
⑦ the one with higher non-price factor points (6 Consideration for Environmental Load)

(3) Award of Successful Bidders

- After the selection of Successful Bidder Candidates, YONDEN will submit the draft evaluation report to the neutral organization. If approved by the organization that the evaluation had been duly made based on the Guidelines of Request for Proposal, YONDEN will officially award the candidates as the Successful Bidders.

（4） Procedures after the Award of Successful Bidders

- After the award of Successful Bidders, YONDEN will inform all the bidders of the results.
- After the award of Successful Bidders, YONDEN will negotiate with Successful Bidders based on “Supplement – Power Purchase Contract (Standard Contract)”.
- After the conclusion of the contract, YONDEN will announce the following items at an appropriate timing when the schedule of purchasing machinery, etc. is not affected.

・ Name of the Service Provider
・ Address of the Location of Power Supply
・ Maximum Power Capacity
・ Commencement Date of Power Supply
・ Annual Standard Load Factor
・ Type of Fuel
・ Rate of Divergence between Contract Price and Ceiling Price
(If Successful Bidder is only one, this is not made public.)

8 Electricity Charge

The electricity charge consists of the basic charge and the electrical energy charge. It will be calculated based on the bidding price.

（1） Basic Charge

- Basic Charge is basically the fixed cost (capital cost and operation & maintenance cost) of each year which is included in the bidding price calculation paper submitted by the successful bidder, and the amount divided by 12 will be paid every month.
- As for the capital cost, if the following correction is applied, the amount will be duly corrected and paid.

a. Adjustment of power line construction cost (to be borne by the bidder)
   - After the completion of YONDEN's construction of grid access facilities, and if the adjustment of the power line construction cost (determinative settlement) is applied, the amount of adjustment of each fiscal year will be added or subtracted.

b. Correction of civil engineering construction cost
   - If the successful bidder wishes the correction of civil engineering construction cost caused by price fluctuation, the corrected amount calculated based on the following formula will be added or subtracted.

   (If the fluctuation is within the range of ±5%, the correction will not be applied.)

$$\text{Correction Amount of Each Year} = \text{Civil Engineering Cost of Each Year (before Correction)} \times \left(\frac{\text{Engineering Works Price Index of the Month of Environmental Impact Assessment Approval}}{\text{Engineering Works Price Index of the Month of the Start of Bid Acceptance}} - 1 \right)$$

- The operation and maintenance cost of each fiscal year will be adjusted every April, based on the synthetic ratio ※ presupposed at the time of bidding, taking account of the fluctuation rate between the standard index (fiscal 2014) and the index of the specific fiscal year.

※ The ratio applied to 4 indices, namely CEI, Corporate Goods Price Index (CGPI), Consumer Price Index (CPI) and No Fluctuation.

（2） Electrical Energy Charge

- As for Electrical Energy Charge, the amount of the multiplication of the monthly actual electrical energy and the unit price of electrical energy (the sum of fuel unit price and fuel purchase-related unit price) will be paid every month.
- Fuel unit price will be adjusted with the fluctuation ratio of CIF price in the

trade statistics, based on the synthetic ratio of coal, crude oil and LNG presupposed at the time of bidding.

- Unit price of fuel purchase-related cost will also be adjusted in a similar manner of the above-mentioned operation & maintenance cost.

（3） Penalties for Unscheduled Outage etc.

a. Reduction of Electrical Energy Charge for Excess Notified Electrical Energy

- When the electrical energy supplied by the successful bidder to YONDEN in every 30 minutes (hereinafter called **Actual Electrical Energy**) exceeds over 103 % of the Notified Receivable Electrical Energy, we call the excess delivery as **Excess Notified Electrical Energy**. In such case, the multiplied amount of the total monthly Excess Notified Electrical Energy and 1/2 of the unit price of Electrical Energy Charge of the month will be subtracted from the Electrical Energy Charge of the relevant month.

b. Reduction of Basic Charge for Falling Short of Notified Receivable Electrical Energy

- When Actual Electrical Energy falls short of 97 % of Notified Receivable Electrical Energy, we call it **Electrical Egergy Shortfall**. In such case, the amount calculated by the following formula will be subtracted from the basic charge of the relevant month.

$$\frac{\text{Basic Charge of the Relevant Fiscal Year (Annual Amount)}}{\text{Annual Available Electrical Energy of the Relevant Fiscal Year}} \times 2 \times \text{Total Electrical Energy Shortfall of the Relevant Month}$$

c. Reduction of Basic Charge for Unsupplied Electrical Energy due to Unscheduled Outage

- When the successful bidder suspends a part or whole of the contracted power supply without prior consultation with YONDEN, the basic charge is reduced as follows with the upper limit of 2 hours from the start of the outage. The difference between the Notified Receivable Electrical Energy at the time of the start of the outage and Actual Electrical Energy is called **Unsupplied Electrical Energy due to Unscheduled Outage**. In such case of outage, the amount calculated by the following formula will be subtracted from the basic charge of the relevant month.

$$\frac{\text{Basic Charge of the Relevant Fiscal Year (Annual Amount)}}{\text{Annual Available Electrical Energy of the Relevant Fiscal Year}} \times 2 \times \text{Total Unsupplied Electrical Energy due to Unscheduled Outage of the Relevant Month}$$

d. Reduction of Basic Charge for Excess Unsupplied Electrical Energy due to Outage

- When the successful bidder suspends a part or whole of the contracted power supply due to the accidents of the successful bidder's power generation facilities, overshooting of days for repair or inspection in the planned outage, etc., the remainder after subtracting Actual Electrical Energy and Unsupplied Electrical Energy due to Unscheduled Outage from Notified Receivable Electrical Energy at the time of the start of the outage is called **Unsupplied Electrical Energy due to Outage**.
- When the cumulative Unsupplied Electrical Energy due to Outage exceeds the annual acceptable Unsupplied Electrical Energy due to Outage (Annual Standard Electrical Energy X 3 %), such excess Unsupplied Electrical Energy is called **Excess Unsupplied Electrical Energy due to Outage**. In such case, the amount calculated by the following formula will be subtracted from the basic charge of the relevant month.

$$\frac{\text{Basic Charge of the Relevant Fiscal Year (Annual Amount)}}{\text{Annual Available Electrical Energy of the Relevant Fiscal Year}} \times$$
$$\times \text{ Excess Unsupplied Electrical Energy due to Outage}$$

e. Compensation for Insufficient amount of Notification by YONDEN

- When the cumulative Notified Receivable Electrical Energy falls short of the lower limit (Annual Receivable Electrical Energy− Maximum Power Capacity X 8,760 hours X 10 %), YONDEN will pay the amount equivalent to the multiplication of the said shortfall and 1/2 of the unit price of Electrical Energy Charge of the last month of the relevant fiscal year on top of the Electrical Energy Charge of the last month of the relevant fiscal year as the compensation for the shortfall of Notified Receivable Electrical Energy.

(4) CO_2 Emission Coefficient in Generation Output Charge

- The successful bidder is required to report the **actual CO_2 emission coefficient** to YONDEN every year, and make following adjustments based on the method selected at the time of bidding.

a. In case where YONDEN is to make the final adjustment of CO_2 emission coefficient

- The actual CO_2 emission coefficient should not exceed the one submitted at the time of bidding (**contracted CO_2 emission coefficient**), and, if exceeded, the bidder is required to choose one of

the following.

1) Make adjustment for equalization of actual and contracted CO_2 emission coefficients by purchasing carbon credit.
2) Reduce the amount of the basic charge of the last month of the next fiscal year of the relevant fiscal year by multiplication of the difference between actual and contracted CO_2 emission coefficients, and power delivery of the relevant fiscal year, and market value of carbon credit.

b. In case where the bidder is to make the final adjustment of CO_2 emission coefficient

- If the adjusted CO_2 emission coefficient exceeds YONDEN's standard ($0.551X10^{-3}$t-CO_2/kWh), the amount of the multiplication of the said difference, power delivery of the relevant fiscal year and market value of carbon credit will be subtracted from the basic charge of the last month of the next fiscal year of the relevant fiscal year.

9 Other Contract Terms

（1） Electric Power generated during commissioning

- In principle, YONDEN will purchase electric power generated during commissioning at the unit price of generation output charge.

（2） Utilization of Excess Generation Capability

- If Notified Receivable Electrical Energy (30 minutes value) falls short of the electrical energy equivalent to 1/2 of Maximum Power Capacity (except the case of restrained output by the load-dispatch instruction), the successful bidder is allowed to sell the difference as the surplus electrical energy to the third party other than YONDEN.

（3） Security Deposit

- The successful bidder is required to post a deposit as the following to guarantee the fulfillment of the contract up to the start of power supply within 30 days after the conclusion of the contract.

Security Deposit [Yen]	Bidding Price [yen/kWh] × Annual Standard Electrical Energy [kWh] × 10%

- The submission of the letter of credit/guarantee issued by the financial institution designated by YONDEN is acceptable instead of the security deposit.

（4） Joint Liability on Guarantee

- If the other party of the contract (including the successor of the contract) is a subsidiary or a joint venture, etc. established for the purpose of the supply of electric power, the businesses who are its investors are required to share the liability, and submit letters of joint liability.

  Upon request of the successful bidder, YONDEN reviews the details of the bidder including its company form, capital structure, etc., and discuss with the bidder on the scope of investors who bear the joint liability on the condition that major investors who are financially sound will bear the joint liability. (In this case, all the investors are not necessarily required to bear the joint liability.)
- If the successful bidder proposes any plan of guaranteeing the fulfillment of the contract similar to joint liability, YONDEN discusses it with the bidder.

（5） Modification of Commencement Date of Power Supply

- If the modification of the commencement date of the power supply is necessary after the conclusion of the contract, either party may propose the modification to the other party in writing, and consult for setting the new date. However, the modified date shall not be set more than 1 year after the original date.

（6） Compensation for Delayed Commencement of Power Supply

- In the event that the commencement date of power supply is delayed, the party responsible for the delay is required to pay the amount calculated by the following formula to the other party as the compensation for the delay.

Compensation for Delayed Commencement of Power Supply [yen]	Security Deposit mentioned in（3） above [yen] ÷ 365 [days] × Number of Days of Delay [days]

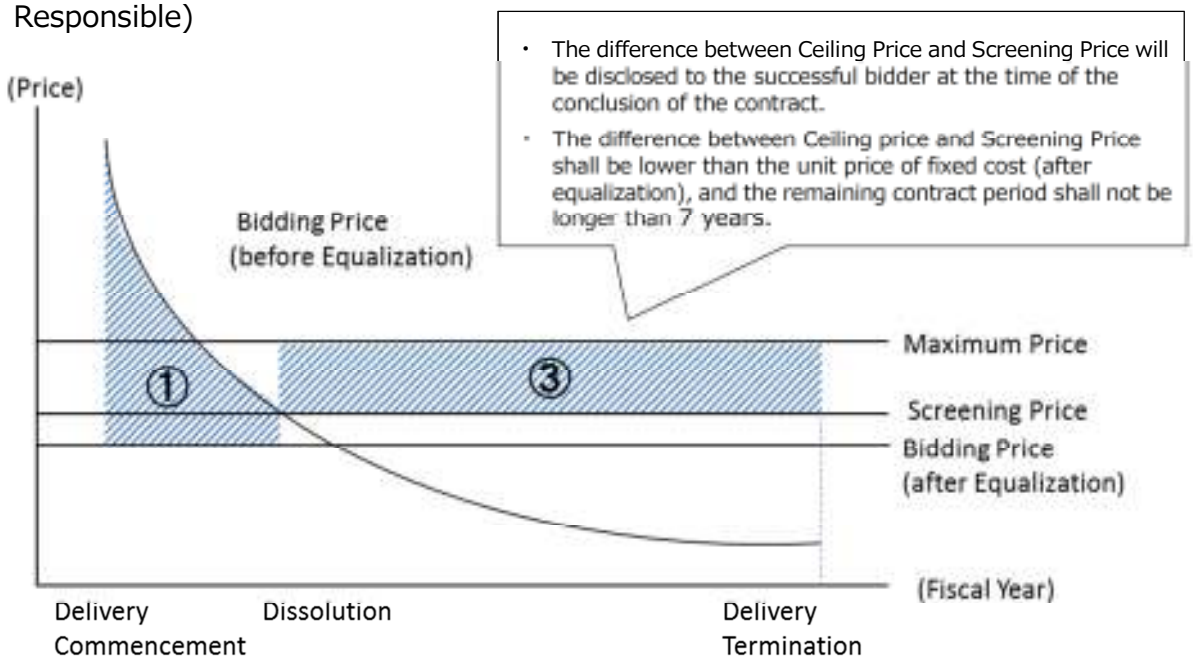
（7） Dissolution of Contract

- In the event that the other party materially fails to adhere to the terms of the contract, and if the situation is not improved within 30 days of the other party receiving the request of the fulfillment of the contract in writing, the successful bidder or YONDEN may dissolve the contract.
- The party who failed to adhere to the contract is required to compensate to the other party according to the following table.

Timing of Dissolution	Details of Compensation	
	If the Bidder is Responsible	If YONDEN is Responsible
Before Commencement of Power Supply	① Amount equivalent to Security Deposit ② Actual Cost of YONDEN's Construction and Removal of Grid Access Facilities	① Refund of Security Deposit ② Amount equivalent to Security Deposit ③ Actual Cost of the Bidder's Construction and Removal of Power Supply Facilities
After Commencement of Power Supply	① Payment of the Amount of the Difference of the Two Bidding Prices (One before Equalization and the Other after Equalization during the Term of Power Supply) for the Duration between Commencement of Power Supply and Dissolution of Contract ② Residual Value Amount and Actual Cost of Removal of Grid Access Facilities ③ Amount of the Difference between the Ceiling Price and the Screening Price, taking account of the Remaining Period of Contract	① Loss normally Caused (including Lost Profit)

- Please refer to "Supplement – Power Purchase Contract (Standard Contract)" for the details of the terms of the dissolution of the contract and the compensation.

(Image of Compensation after Commencement of Power Supply if the Bidder is Responsible)



（8） After the Term of the Power Supply

- YONDEN and the successful bidder shall negotiate an extension of the contract , unless there is any special reason, as long as either party proposes an extension no later than 3 years before the end of the Term of Power Supply.
- After the Term of Power Supply, the successful bidder may sell all or part of the contracted capacity to other third parties.

（9） Measurement Equipment, etc.

- Measurement equipment, attachments necessary for measurement, and communication facilities indispensable for load-dispatch instruction, etc. belong to YONDEN, in principle, and YONDEN is responsible for their installation. In this case, the whole cost of this installation is to be borne by the successful bidder.
- In case of the connection to the grid of other electric power company, you may abide by the wheeling service provisions, etc. of the relevant company.

1 0 Application

- Documents to be Submitted : Bidding Application and Attached Documents
  (3 Sets : 1 Original, 2 Copies)
- Way of Submission : Bidding documents should be put together in each set, and be sealed in one packet, and be brought to YONDEN by the representative of the bidder.
- Place of Submission : 2-5, Marunouchi, Takamatsu City, Kagawa Prefecture
  Shikoku Electric Power Co., Inc.
  Customer Service Dept., Sales Div., Delivery Group,
  “Thermal Power Purchase Bidding” Section
- Period of Application : July 28 (Tue), 2015 to Noon, Nov. 27 (Fri), 2015

END

SHIKOKU ELECTRIC POWER CO.,INC.
YONDEN

Customer Service Dept., Sales Div., Delivery Group,
"Thermal Power Purchase Bidding" Section
〒760-8573　2-5, Marunouchi, Takamatsu City,
Kagawa Prefecture
Phone : 087-821-5061

For inquiries, please log in the following website.
【Exclusive URL for Thermal Power Purchase Bidding】
http://www.yonden.co.jp/business/dealing/thermal/index.html