



Paris, 9 october 2006

Press Release

VELCAN ENERGY : The Satya Maharshi electrical power plant obtains carbon credit registration.

Satya Maharshi Power Corporation Limited, a subsidiary of Velcan Energy has been registered by the United Nations designated authority (UNFCCC/EB) as a valid Clean Development Mechanism project. This means that when it produces electricity, the power plant will also be producing carbon credits (CERs). These CERs can then be exported to other countries which are signatories of the Kyoto Protocol and sold to buyers which have emissions reductions targets. In full year and at full capacity, the plant should be producing approximately 30 000 tons of CERs. The agreement is valid for 21 years.

The CERs produced by CDM projects have no time nor geographical limit. They can for example be sold to Europeans companies to comply with their emissions quotas derived from the Kyoto protocol and starting in 2008. The future value of a carbon credit for the year 2008 in the European Carbon Trading Scheme was 16.35 euros at market closing on the 6th of October 2006 (Source ECX/Pointcarbon).

The Satya Maharshi power plant, was acquired by Velcan Energy in April 2006. It was commissioned in July 2004, and runs off agricultural residues bought from the local population. Cotton stick and rice husk are the two main fuels. Electricity is sold to Aptransco, the Andhra Pradesh State department responsible for electricity supply and Tata Power Trading Company, the energy trading arm of the Tata Group.

Antoine Decitre, Managing Director of Velcan Energy says : " Although our core business is the production of electricity, adding an extra layer of revenues without changing our costs is obviously a good thing. With this approval, every time the plants injects one megawattour in the Indian electrical grid, it will get 0.80 ton of carbon credit. The agreement is valid since the commissioning of the plant. This means the power plant will be credited for the last two years of production. This is the second time our team gets a carbon credit project registered. It has involved a lot of coordination between our European and Indian teams. It is usually quite difficult to get an existing project registered and we are very proud that our team managed to do that. Whenever it is possible we'll keep trying to add carbon credits to our electrical revenues."

Velcan Energy is a French company specializing in green energy production, mostly involving electricity generation using biomass combustion and hydroelectric technologies. Velcan Energy has two sources of revenue: sale of energy (electricity and steam) and sale of carbon credits.

Velcan Energy operates in Brazil through its subsidiary Velcan Desenvolvimento Energético do Brasil Ltda and in India through its subsidiary Velcan Renewable Energy Pvt Ltd.

Velcan Energy is listed on the Paris Stock Market (Euronext, MLVEL) and is a member of the Paris carbon credit exchange, Powernext Carbon.

Shareholders:

Financière Saint Merri SA (leading shareholder Crédit Agricole)
Private investment funds in France and UK

Sites:

France: Paris (Velcan Energy SA)
India: Bangalore (Velcan Renewable Energy Pvt Ltd)
Brazil: Sao Paulo (Velcan Desenvolvimento Energético do Brasil Ltda)

Workforce: 90

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Velcan Energy is a green energy producer.
Velcan Energy is listed on the Euronext Paris stock market (code MLVEL).

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