



Paris, 6 November 2006

Press Release

VELCAN ENERGY : second power plant operational in India

Velcan Energy has acquired 100% of RPPL, a 7.5 MW power plant in the State of Andhra Pradesh in India.

This doubles the installed capacity of Velcan Energy in India, to 15 MW.

For Velcan Energy MD Antoine Decitre "This power plant is located at less than one hundred kilometres from our other running plant, Satya Maharshi Power Corporation Limited. This will enable us to mutualise a number of things like stock of spare parts or biomass procurement.. This plant has a very good management team and workforce that we are glad to have now as part of the Velcan Energy team.

We keep rolling out our investment plan. The shortage of electricity is increasing every day in India. Which will ensure very dynamic prices for years to come. Unlike a windmill which produces electricity between 25 to 30% of the time, and without predictability, a well maintained biomass power plant runs 90% of the time (meaning for a 7,5 MW power plant an annual electricity generation of 59.000 MWh) and stopping period are predictable. One of the other advantage of Biomass power plants is that production can be scaled up for peak of consumption and scaled down when demand is low, hence maximizing the profit generated by the plant.

We'll keep looking for investment opportunities, both in Hydro and in Biomass, and both for existing plants and plants to be build".

The RPPL power plant, now owned by **Velcan Renewable Energy India Ltd**, a 100 pct subsidiary of Velcan Energy was commissioned in November 2002, and runs off agricultural residues bought from the local population and the local authorities. Waste renewable wood and rice husk are the two main fuels. Electricity is sold under a twenty-year contract to Aptransco, the Andhra Pradesh State department responsible for electricity supply.

At commissioning time, the plant represented an industrial investment of € 6.3million, Velcan Renewable Energy financed the acquisition with Union Bank of India, which is the current bank of the RPPL power plant.

This acquisition brings the overall Velcan Energy workforce to more than 100.

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, Pownext 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: 120

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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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