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SUMMIT POWER GROUP CELEBRATES MAJOR MILESTONES AT U.S.-CHINA STRATEGIC AND ECONOMIC DIALOGUE MEETING

BEIJING, China and Seattle, WA (July 14, 2014) – During the 6th round of the U.S.-China Strategic and Economic Dialogue in Beijing, Summit Power Group (Summit) last week signed two significant agreements that introduced a major new project participant to Summit’s Texas Clean Energy Project (TCEP) and created a second, historic alliance between TCEP and China’s cleanest fossil fuel power plant: China Huaneng’s GreenGen. The milestones were announced in conjunction with the meeting’s U.S.-China Climate Change Working Group CCUS initiative.

“As part of our Climate Change Working Group, we’ve already launched five initiatives to zero in on some of the key drivers of greenhouse gas emissions,” said U.S. Secretary of State John Kerry in his opening remarks to dialogue participants. “So, step by step, we are shifting our focus from the difficulty of compromise to the inescapable reality of a clean energy future. The solution to climate change is energy policy.”

On Tuesday, Summit Power Group’s TCEP and Huaneng’s Clean Energy Research Institute (CERI) were named the first of several “counter-facing project arrangements” endorsed by the two countries and tasked with cutting greenhouse gases. The signing ceremony was led by Todd Stern, the U.S. Special Envoy for Climate Change, and China’s National Development and Reform Commission (NDRC) Vice-Chairman Xie Zhenhua.

TCEP, a large scale commercial coal gasification power/polygen project that Summit is developing near Odessa, Texas, is designed to capture ninety percent (90%) of its carbon dioxide for use in enhanced oil recovery (EOR) by producers in the Permian Basin of West Texas, boosting U.S. oil production by some six (6) million barrels per year and generating thousands of jobs in Texas and the U.S. TCEP will also produce more than 700,000 tons per year of urea fertilizer for U.S. farmers and a long-term, 200 megawatt supply of ultra-clean, low-carbon electric

power. China Huaneng Group, which is the largest power generation company in China, built the 250MW IGCC plant GreenGen in Tianjin, just outside Beijing, and will add a carbon capture component in the project's Phase 2.

"TCEP is a key part of the U.S. CCUS [carbon capture, utilization and storage] portfolio, and DOE has invested \$450 million into the project," stated U.S. Department of Energy (DOE) Principal Deputy Assistant Secretary of the Office of Fossil Energy, Christopher Smith, in a 7/3/14 letter to China's National Energy Administration Deputy Administrator Zhang Yuqing distributed last week. "...Summit Power and Huaneng will help each other in the planning and operation of TCEP and Phase 2 of GreenGen by sharing non-proprietary information and results from the respective projects. Huaneng will also assist Summit Power in the commissioning of the TCEP plant."

In a second signing ceremony on Thursday, Summit entered into a Memorandum of Understanding (MOU) with China Huanqui Contracting & Engineering Corporation (HQC) to provide engineering services to the TCEP project. HQC was brought into the project to review project costs, which rose sharply in 2013 as a result of soaring construction costs in Texas due to the oil and gas boom. Under the new formal arrangement, which kicked off this week in Beijing, HQC, Siemens, Summit and its owner's engineer CH2MHill, began an update of the project's design to include recent gasifier and combustion turbine improvements from Siemens. HQC will revisit the front-end engineering and design (FEED) work previously undertaken by TCEP's partners and will further optimize the project's configuration based on the technology improvements. When the FEED update is completed, it is expected that HQC and Siemens will serve as the lead engineering, procurement and construction (EPC) contractors for the project during its construction phase.

HQC, headquartered in Beijing and a subsidiary of China National Petroleum Corporation (CNPC), has performed engineering, construction and EPC contracting for over 2,000 cross-industry, large- and medium-scale domestic and overseas projects for more than 50 years. For the TCEP project, HQC has retained Technip, a publicly traded French company that provides project management, engineering and construction services for the oil and gas industry in 48 countries.

"Today's signing represents the best kind of clean energy cooperation between the U.S. and China: a commercial project involving excellent companies supported by governments," said U.S. DOE Deputy Assistant Secretary for Clean Coal Julio Friedmann at the signing ceremony.

Also present at the signing were Deputy Director General Yang Lei of China's National Energy Administration; Wang Xinge, President and CEO of HQC; Eric Redman, President and CEO of Summit Power Group; Zhang Jun, Vice-President of HQC; Bret Logue, Managing Director of Summit Texas Clean Energy LLC; Ming Sung, Clean Air Task Force; Harry Morehead, Siemens; Steve Jenkins, CH2MHill; and Sam Tam, China Chief Representative, U.S. Department of Energy.

The Export-Import Bank of China ("Chexim") remains a key supporter of the project and, as it committed to do in September 2012, will be the financial lender to TCEP, subject to completion of an EPC contract between TCEP's partners and Chexim's customary due diligence.

The total cost of TCEP will be approximately \$2.5 billion, of which \$450 million will be provided by the cost-sharing award announced in 2010 by DOE's Clean Coal Power Initiative (CCPI) program. Financial closing for TCEP is projected for April 2015, with commercial operation commencing in 2018.

"TCEP is an American project that will create products and jobs for the U.S. market using U.S. construction workers," said Summit Power Group President and CEO Eric Redman. "But it is a project of global importance and its design and financing are truly international, drawing upon U.S., German, French, and other entities, including key engineering and financing participants from China. This week in Beijing has provided an opportunity for both the U.S. and Chinese governments to reaffirm their determination to work with one another and TCEP's international team to assure that TCEP gets financed and built. At the same time, the international team of engineers is here working to cut the project's cost, shorten its construction schedule, and boost its attraction to investors and lenders. It has been the most encouraging week of meetings in the project's history."

For more information about the Texas Clean Energy Project, please go to the website: <http://www.texascleanenergyproject.com>, or contact Laura Miller, Director of Projects, Texas, for Summit Power Group at lmiller@summitpower.com, 214.763.0600

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