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TSX-VN TRADING SYMBOL: CEC

BC HYDRO AWARDS COMPLIANCE'S A 30 YEAR ELECTRICITY PURCHASE AGREEMENT

Vancouver, B.C., July 27, 2006 - Compliance Energy Corporation (the "Company") is pleased to announce that its subsidiary Compliance Power Corporation has emerged as a successful bidder in the BC Hydro 2006 Open Call for Power and BC Hydro has informed the Company that its proposal to build a 56 MW power plant has been accepted and approved by BC Hydro. The term of the electricity purchase agreement is for 30 years to provide annually 421 GWH of firm energy into the British Columbia's transmission system, sufficient energy to produce enough electricity for over 42,000 homes.

The Power Project, which will utilize wood waste from the forestry industry and coal from the Company's Basin Coal Mine, will be located near Princeton, BC. The project site has extensive existing infrastructure including; one large building that will be modified to house the boiler, steam turbine and generator; a 138 KV power line that extends onto the site that will significantly reduce interconnection costs; and the water supply facilities necessary for the development. In addition, the Company is looking at ancillary businesses to utilize waste heat.

Mr. O'Rourke, Chairman of Compliance Energy commented "This is a company builder and is the first major milestone that forms the base for our long term growth as an integrated energy company".

The project is owned 90% by Compliance Energy and 10% by the Upper Similkameen Indian Band ("USIB"), and is a major project for Compliance that will be funded through a combination of debt and equity. This \$200 million project will create over 200 full time jobs during the three year construction period and 70 full time jobs on an ongoing basis and will generate approximately \$40 - \$55 million annually in revenue. This represents one on the larger contracts awarded in this energy call.

Compliance is a Canadian mining company that has significant metallurgical and thermal coal interest on Vancouver Island and operates the Basin Coal Mine near Princeton, BC. Compliance Energy Corporation's shares trade on the TSX Venture Exchange under the symbol CEC and investor information is available on the Company's web page at www.complianceenergy.com.

On behalf of the Board of
COMPLIANCE ENERGY CORPORATION

"John Tapics"

John Tapics
Chief Executive Officer

Contact Forbes West 416-203-2200 or 1-888-655-5532 or Rob Roney, Investor Relations at 250-897-0437
or Rod Shier, CFO at 604-689-0489 for further information.

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Note: This release contains forward-looking statements that involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to the documents, filed by the Company on SEDAR at www.sedar.com, specifically the most recent reports which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. The Company undertakes no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated