

**SUPPLEMENTARY GENERATION FOR PORT MORESBY
BY AN INDEPENDENT POWER PRODUCER
PROPOSAL INVITATION**

1. INTRODUCTION

The electricity for Port Moresby consumers is currently provided from a generation mixture of Hydro, Thermal and purchase from an Independent Power Producer (IPP). Details of the existing system are provided in Attachment One. The PNG Government is currently planning for gas to be available in the vicinity by 2014 and it is thought that this will provide the long-term generation fuel source, including the replacement or conversion of the current thermal facilities.

The growth in Port Moresby is however significant and further generation will be required in the short term to meet immediate requirements. The Hydro output is dependent on water availability and this risk factor is to be managed. PNG Power Ltd (PPL) therefore requires further generation to be made available as soon as possible and wishes to provide the opportunity to private companies to participate.

Proposals are therefore sought from organisations to sell electricity to PPL as an Independent Power Producer (IPP) under Build Own and Operate (BOO) arrangements. Up to a further 20MW capacity is sought however PPL will consider proposals for smaller generation increments and does not exclude the possibility of more than one Power Purchase Agreement (PPA) being entered into.

The following document outlines the requirements in more detail and in particular the information required to be provided in the proposal. Prospective PPL's are welcome to discuss PPL's requirements further by contacting Mr. Chris Bais, General Manager Technical Services on telephone (675) 324 3151 and email: cbais@pngpower.com.pg

2. INFORMATION REQUIRED

2.1 To enable proper assessment of each Proposal Invitation, sufficient information should be provided and these should include the following:

- The technical capability of the prospective companies and organisations.
- The experience of the prospective Company in general and in Build Own Operate and Transfer (BOOT) or Build Own and Operate (BOO) projects in particular.
- The financial capability and backing of the prospective Company.
- An outline of the features of the Company's proposed power generating facility.

2.2 The Proposal Invitation should include the business background and structure of the Company. If a consortium is proposed, the background and structure of each member company of the consortium should be provided. The mechanism by which the proposed equity arrangements and plans for local participation should be provided.

- 2.3 The Proposal Invitation should contain detail of the prospective generation project and current involvement in the power industry for both construction and operation of generation facilities. Details of any existing involvement in BOOT or BOO projects should be provided.
- 2.4 An outline of the physical components of the proposed generating facility and the interface arrangements with the PNG Power system should be provided. The proposed type and source of fuel should be discussed and any connection the prospective Company has to the fuel supply identified.
- 2.5 Gas is expected to be available around 2014, and proposals that contain possible conversion from use of diesel fuel to gas or combination of both will be given favourable consideration.
- 2.6 A preliminary development timetable should be included and seen to be achievable from implementation to commissioning.
- 2.7 The above is intended as a guide for the content of the Proposal Invitation and the Company should provide whatever information that is considered appropriate to establish that they have a genuine capability and interest in this project.

It is therefore in the prospective Company best interest to provide as much detail as possible to establish their technical, financial and experience credentials and that they are in the position to make an early commitment to the proposed development. It should also be established that their generation development proposal is technically and economically feasible.

- 2.8 The following information is included to assist Firms/Organisations to better understand the existing Port Moresby power supply network. Included also is draft outline of a typical Power Supply Agreement.
 - Appendix (A) Details of existing hydro and thermal generation plant & substation equipment.
 - Appendix (B) Port Moresby System Operating Diagram
 - Appendix © Draft Power Purchase Agreement structure

3. SUBMISSION INSTRUCTIONS

- 3.1 The Proposal Invitation should be received no later than the date as advertised.
- 3.2 The Proposal Invitation should either be hand delivered or submitted by Courier Delivery to ensure their receipt.
- 3.3 The submissions should be addressed for Courier Delivery as follows:

PNG POWER LIMITED.
PNG Power Haus, Cnr Wards Road/Cordia Street
HOHOLA, NCD
Papua New Guinea

Attention: Mr. Chris Bais
General Manager Technical Services

The submissions should be clearly labelled;

Supplementary Generation for Port Moresby by an IPP – Detail Proposal