# TEMA OSONOR PLANT LTD (TOPL)

## 126MW POWER PROJECT

**Case Study of a Locally Developed IPP Project**

Presentation to APPIWG

11th May, 2009

# Agenda

- GECAD/TOPL – Who We Are
- IPP Contributions to Ghana's Power Needs
- The Tema Osonor Power Project – Description and Project Experiences
- Challenges Faced as a Local Developer
- Local Development – Lessons Learned
- Enhancing Local Developer Capabilities – How the Development Banks can Help

# GECAD/TOPL – Who We Are

- GECAD Group – A Ghanaian based Engineering Services Company
- Focus:
  - Development of infrastructure projects primarily in the Energy and Power sector
  - Provision of Energy Services
- Vision:
  - To be a world-class developer of infrastructure assets
  - To be an integrated energy services provider
  - Driven by the desire to promote indigenous Ghanaian and African development of infrastructure projects
- TOPL – A Special Purpose Vehicle to implement the Tema Osonor IPP project

# IPP Contributions to Ghana's Power Needs

| Plant Name | Installed Capacity | Commissioning Date |
|---|---|---|
| Miners Reserve Plant | 80 MW | Operational |
| Sunon Asogli Phase I | 200 MW | Q2 2009 |
| Tema Osonor Power Plant | 126 MW | Q2 2010 |
| Osagyefo Barge (Balkan) | 125 MW | Q4 2009 |
| Cenpower Phase I | 150 MW | 2010 |
| Sunon Asogli Phase II | 360 MW | 2009/2010 |
| Cenpower Phase II | 360 MW | 2011 |

# Tema Osonor Power Project - Description

- Implemented by Tema Osonor Plant Limited (TOPL)
- Project Developer/Sponsor – GECAD
  - Finalizing a co-developer relationship to financial close with Aldwych International

| | | |
|---|---|---|
| Phase 1 - | 126 MW GE FRAME 9 for VRA | Q4 2008 |
| Phase 2 - | 126 MW GE Frame 9 for TOPL (IPP) | Q2 2010 |
| Phase 3 - | 330 MW Combined Cycle Plant | Q2 2012 |

- Offtaker : Gov. of Ghana/Ministry of Energy
  Lending Partners : FMO, AfDB, EAIF
  EPC Contractor : GECAD
  Equity & O&M Provider : Aldwych International
- Only truly viable project currently under construction in Ghana
  - Tri-fuel Plant
  - Least Cost Generation option in 2012 timeframe
  - Important to generation supply in the sub-region

# Tema Osonor Power Project - Experiences

- Fourteen month period from project conception to construction start
- Local bridge financing arranged within 2 months to secure gas turbine generator – CAL Bank Consortium
- PPA concluded over 10 months' negotiation
- Sourcing for long term financing began 14 months ago and is still in process
- AfDB responsiveness has been key
  - First to grant project environmental approval
  - First to grant Board approval for project funding

# Challenges faced on TOPP as a Local Developer

- Short history of local developer activity in power projects development
  - Perception of undue risk
  - More stringent due diligence requirements
  - Lack of process clarity
  - Higher internal costs as a consequence
- Lending agencies strict adherence to classical project financing approach
  - Undue lengthening of project implementation
  - Cash flow constraints to financial close

# Local Development – Lessons Learned

- Leverage local relationships to implement projects more efficiently and at a lower cost.
- Desired results can still be attained following other than classical project finance approach
- Leverage existing local capacity to implement power generation projects
- Effective use of strategic partnerships is key to project development success
- Success with initial project critical to establishing ‘stamp of approval’ with development financing institutions

# Enhancing Local Developer Capacity –
## How the Development Banks can Help

- Make available required funding for the development phase
  - Limited capacity from local resources
  - Prevent projects from starvation due to cash flow constraints
- Provide Advisory assistance during project development phase
  - Assist developers to navigate project financing landscape
- Promote capabilities of local developers
  - Champion implementation of first projects, to enable leveraging successes for access to capital for future projects


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ALL SOUTH SIDE CIVIL WORKS COMPLETE - JAN 02, 2009


ALL HEAVY EQUIPMENT ON SITE - DEC 15, 2008