

Empower Generating Plant for Nouakchott - Prime Minister lays First Brick in Ceremony

On Wednesday 26th May 2010 the Prime Minister of Mauritania, Mr Moulaye Ould Mohamed Laghdaf, together with Mr Luka Buljan, Empower CEO, laid the first brick during the Ceremony to mark the beginning of construction of the new Empower Generating Plant for Nouakchott.

Empower, a company focused on supplying fast and interim power solutions to the emerging markets, signed an agreement on the 15th February 2010, with SOMELEC, the Mauritanian national electricity company, for the engineering, procurement and construction (EPC) of a 36MW HFO-fired generation plant.

The plant will be located in an industrial area approximately 10 km south west of the capital Nouakchott and will supply the capital with essential electricity. The plant will increase SOMELEC's installed capacity in Nouakchott by around 50%. This will enable the utility to decommission expensive emergency diesel generators and satisfy increasing demand stemming from its ambitious electrification programme.

Empower will build a plant consisting of 3 x 12 MW modular blocks, each comprising 3 medium speed engines from MAN of Germany at 4 MW each. The plant will include a tank farm that can store 8,000 tons of fuel and will connect into a new substation built by SOMELEC. The plant will run on HFO (Heavy Fuel Oil), the most affordable fuel currently available in Mauritania.

SOMELEC has been working closely with Empower over the past few months. It chose the Empower solution due to the immediate availability of its equipment and its ability to install plant in a relatively short time frame compared to that of conventional power stations. Following the completion of civil works, Empower's assembly and commissioning for the plant will take approximately 4 months.

About Empower

Empower provides affordable, flexible and simple power generation solutions tailored to satisfy the needs of utility, mining and large industrial customers. Using its proprietary containerised modular system, Empower can install capacity quickly to satisfy interim or long term power requirements.

The company's team of specialist technical personnel will install and commission the plant and provide training for operation and maintenance personnel. All equipment is designed to UK and EU standards and will operate to comply with the highest local and World Bank-IFC environmental guidelines and international best practices for health and safety.

What is the essence of the transaction?

On 15 February 2010, Empower and SOMELEC signed an agreement for the EPC sale of a 36MW plant comprising three blocks of 12MW (which we refer to as an "M3"), each consisting of three MAN 4MW engines and associated auxiliaries. The balance of plant includes a 6,000 tonne HFO tank farm, a 2,000 tonne diesel tank and 11/33kV transformers. The 33kV switchgear and the connection to the substation will be installed by SOMELEC.

The plant is to be located in an industrial area, near the capital Nouakchott, only several hundred meters from the sea. The city of Nouakchott is approximately 10 km north-east from the site. There is a severe shortage of generating capacity in Nouakchott and the Government of Mauritania is very concerned that it will not have the generating capacity to supply the forecast additional loads.

Empower anticipates the project will be in place and will commence during the first quarter of 2011.

You say that the country is experiencing shortages in power supply and this new facility will mean that SOMELEC can decommission the emergency power generation facility. Why not keep the emergency plant in operation so we can have excess capacity?

SOMELEC is the country's electricity utility and determines the placement of generation facilities in the country.

Empower's medium-speed engines, used for marine propulsion and industrial power generation, are best suited to the demands of continuous or near-continuous operation. Their robust construction combines maximum availability with major cost-savings achieved by operating on heavy fuel oil (HFO), a relatively cheap by-product of the petroleum refining process. The engines are able to operate for long periods at maximum output and require low levels of maintenance.

The emergency power facilities are just that – for emergencies and are not well suited for continuous running for the medium or long term. They use high-speed, conventional diesel engines which run on light fuel oil (LFO), a petroleum quality automotive fuel, which can cost almost double the price of HFO. As fuel beads up to about 70 – 80% of the operating cost of any liquid-fuel power plant, the potential savings of using HFO over LFO are overwhelming.

This plant will provide some excess capacity for SOMELEC, but they are also working on other projects which will give them the additional capacity required for the future.

What environmental standards are being adhered to?

The Empower power plant is designed to UK and EU standards and the operations comply with the highest local and World Bank-IFC environmental guidelines and international best practices for health and safety.

The proposed plant will increase SOMELEC's generating capacity by approximately 50% and can be done in a very short time frame compared to that of larger power projects.

When will the plant be commissioned?

Empower and SOMELEC are working closely to achieve a commissioning date in early 2011.

Installation of the generation and auxiliary modules is quick and straight forward. Once the civil works has been completed (site clearance and fencing, building of access roads and simple concrete foundations for each generating set), all of the equipment will arrive completely modularized and ready for installation. The process from access to site to power production is completed in a just few months. For this project, Empower is also building a bulk fuel tank storage facility.

Once the plant is installed, Empower technical assistance will remain on site for advice and training during the first 12 months of operations. After this time, SOMELEC will then own and operate the plant.

What operating experience does Empower have?

The company was formed in 2008 and is staffed with experienced professionals with considerable experience within the power sector in emerging markets. Our Board of Directors is composed of seasoned professionals with extensive experience in infrastructure and power business throughout the world.

Empower is a wholly owned subsidiary of Globeleq, the operating power generation company solely focused on the emerging markets of Africa, the Americas and Asia.

Both Globeleq and Empower are owned by Actis, the leading equity investor in emerging markets. The combined experience of these companies provides opportunities for substantial investment in the emerging markets and provides opportunity for a broader coverage of power projects ranging from interim power to larger IPP facilities.

EMPOWER



The Prime Minister of Mauritania, Mr Moulaye Ould Mohamed Laghdaf, laying the first brick of the Empower Power Plant for Nouakchott. 26th May 2010.



