

Environmental Report for this project  
Texto del Informe Ambiental de este proyecto

## **Project Summary**

Project Name: EnerSur Power Project

Project Number: PE-0102

Country: Peru

Project Cost: US\$300 - 400 million

Proposed Participation: A Loan: US\$60 million

B Loan: To be determined

Southern Peru Limited (SPL) is an integrated producer of copper that operates mining, smelting and refining facilities and is the largest copper producer in Peru. For many years SPL generated its own electricity supply by means of a 140 MW industrial fuel oil fired plant. SPL has recently initiated a US\$1.8 billion modernization and expansion program. This program includes substantial capital investments to introduce more efficient mining processes and environmental improvements. As part of this modernization and expansion program, SPL has decided to focus on its core business units and privately contract for ancillary goods and services. Consistent with this strategy, SPL recently sold its existing generating assets to Energia del Sur ("EnerSur") and entered into a 20-year power purchase agreement (PPA) for 180 MW of electricity. EnerSur is wholly-owned by Tractebel S.A. of Belgium.

SPL has transferred to EnerSur its existing generating assets which include a 140 MW industrial fuel oil fired unit and two 37 MW diesel fired units that are in the process of being installed. In addition to modernizing and operating these units, EnerSur is obligated to install an additional 125 MW coal fired unit. Under the terms of the PPA, SPL has the option of requiring an additional expansion of 250 MW of coal fired capacity (two 125 MW units) over the next 6 years. The generating units will be connected to the national grid in Peru through a transmission interconnection that will be owned by SPL but operated by EnerSur. Excess energy will be sold to the grid and to other third-party offtakers pursuant to long-term agreements. EnerSur will be responsible for the operation and maintenance of the project.

The project will use four different sources of fuel to generate electricity: waste steam, diesel #2,

industrial fuel oil and coal. SPL is obligated to directly supply the waste steam to the project and to procure the industrial fuel oil and diesel #2. Waste steam is currently produced in four heat recovery steam generators installed on SPL's copper smelters and will be provided by SPL to EnerSur. Diesel #2 will be used to fire the two gas turbines and a diesel generator. Industrial fuel oil will be used to fire four existing boilers. The diesel and industrial fuel oil will be purchased by SPL both locally and internationally. Both fuels will be unloaded through a submarine pipe and stored in 80,000 barrel steel tanks. The coal required to operate the new coal fired units will be low sulphur coal imported by ship.

Tractebel has awarded the EPC contract to design and construct the new generating assets to Hitachi of Japan.