

PROJECT ABSTRACT

Project number	ME-0225
Project name	Bajio Gas-Fired Power Project
Country	Mexico
Sponsor	InterGen Energy, Inc. ("InterGen")
Total project cost	US\$485 million
IDB participation	IDB A-Loan: US\$23 million IDB B-Loan: US\$113 million
Department	Private Sector Department
Status	Approved by the Board of Executive Directors
Date	May 10, 2000

The Project is part of the *Comisión Federal de Electricidad* ("CFE"), the Mexican public electricity utility's least-cost expansion plan, which calls for additional investments in the country's total installed capacity for power generation from 1997 to the year 2006 by additional 9,928 MW. The country's total installed capacity was 38,384 MW in 1998, of which 53.32 percent are thermal power plants. CFE has embarked on a program that calls for up to 10 new gas-fired combined-cycle facilities over a two-year period, each contracting with CFE under separate 25-year Power Purchase Agreements ("PPAs").

The Project was awarded on April 29, 1999 to InterGen Aztec Energy VIII B.V. ("InterGen Aztec" or the "Sponsor") through an international bidding process called by CFE as part of CFE's Independent Power Producer ("IPP") program. The Sponsor established *Energia Azteca VIII S. de R.L. de C.V.* ("AZTECA") to develop the Project and executed the 25-year PPA on May 20, 1999. In accordance with the bid, CFE is responsible for providing the fuel and the site required by the Project.

The Project consists of an approximate 600MW natural gas-fired electric generating facility and related assets to be constructed in the Municipality of *San Luis de la Paz* in the state of *Guanajuato*, approximately 160 miles Northwest of Mexico City. Approximately 495MW of the Project's power will be made available to the CFE under a 25-year PPA structured as a build-own-operate contract. As permitted under a self-supply permit, approximately 85MW-100MW of the Project's power will be made available for supply to third parties

AZTECA, which is a special purpose company under the laws of Mexico, will be responsible for the construction, operation, and maintenance of the power plant and connection facilities in accordance with the specifications outlined in the PPA. Construction of the facility is expected to take approximately two years. The Bank has been requested to provide a direct loan of up to US\$45 million to finance partially the power plant.

InterGen is one of the world's fastest-growing developers of Greenfield energy projects. Jointly owned by Bechtel Enterprises Holdings, Inc. and Shell Generating Ltd., InterGen develops, owns and operates power plants and related fuel and electricity infrastructure. As of year-end 1998, InterGen's portfolio of projects in operation or under construction included power plants that total 3,675-MW of generating capacity and a 700-kilometer gas pipeline. Additionally, the company has secured contracts, bid awards or governmental mandates for power stations representing 5,925-MW. InterGen is operating, constructing or developing projects in China, Colombia,

Mexico, the Philippines, the United Kingdom, Brazil, Australia, Egypt, Turkey and the Netherlands.