

PROJECT ABSTRACT

Project number	DR-0133
Project name	San Pedro de Macoris – 300 MW power plant
Country	Dominican Republic
Sponsors	Cogentrix Energy, Inc
Total project cost	US\$263 million
IDB participation	IDB A-Loan: US\$150 million
Department	Private Sector Department
Status	Approved by the Board of Executive Directors
Date	December 15, 1999

I. THE PROJECT

1. San Pedro de Macoris will be a combined-cycle power plant, consisting of three units of 100 MW, located at a green field site on the west bank of the river Higuamo. The site is located 14 km east of the town. Each gas turbine will be coupled with a heat recovery steam generator and a steam turbine. The electricity will be dispatched to the interconnected system, operated by CDE, through an electrical switchyard and a double circuit 138 kV transmission line connected to a substation to be constructed by CDE.
2. The project will also include the construction of mooring and fuel unloading facilities near the mouth of the Higuamo river. A fuel pipeline will be built to connect the plant and fuel uploading facility. The investment also includes all required site infrastructure and support facilities, and the upgrading of an existing access road. Construction is expected to commence in the fourth quarter of 1998 and commercial operation to begin by the second half of year 2000.

II. PROJECT ENTITIES

A. Project Company and Sponsors

1. Cogentrix Energy, Inc., founded in 1983, is a privately held U.S. company headquartered in Charlotte, North Carolina. Cogentrix is principally engaged in the business of acquiring, developing, owning, and operating independent power generating facilities. It has extensive experience in developing countries as an Independent Power Producer, with project currently under development accounting for some 3,500 MW of capacity in Mexico, Brazil, China, India, and Thailand.
2. Scotia Energy Limited is an international power project development company based in the U.K. Scotia is organized as a consortium of companies involved in the international power market. Its shareholders include British Energy, Motherwell Bridge Engineering, Yarrow Shipbuilders, Scottish Enterprise, Aggreko Generators, Balfour Kilpatrick, HSDE, and Wood Group Power System Limited. Scotia has been involved in the design, procurement, and commissioning of power generation plants for several years. Plant sizes range from small diesel powered plants generating approximately 10 MW, to gas turbine plants of 50-350 MW and nuclear plants in excess of 500 MW. Annual revenues amounted to US\$1.5 billion in 1996.

B. Project Offtaker

3. Presently, CDE is in the process of implementing a broad plan to restructure its operations and improve its operational standards, a process supported by the Bank. One key aspect of this effort is the implementation of the privatization program for the distribution, which will transfer the responsibility for managing distribution losses and collection in the hands of private operators, which is expected to improve CDE's financial standards. The process for privatizing the distribution has already started with the pre-qualification of interested companies.

III. PROJECT CONTRACTS

A. Power Purchase Agreement (PPA)

1. The PPA establishes the power sales obligations between CDE and the project company. The PPA commits the project company to specified conditions, e.g. maximum output, total generation in kilowatt hours, etc., over 20 years and commits CDE to compensate the project company by an established amount and tariff rates whenever the facility is available and capable of generating power. It also includes other responsibilities of the parties, such as performance standards, penalties, arbitration, and termination.
2. Under the terms of the PPA the Project Company is responsible for financing, designing, building, owning, and operating the power plant. It also has the obligation to deliver the agreed capacity (270 MW) during 20 years, which is the life of the PPA.

B. Implementation Agreement (IA)

3. The IA, or State support agreement, is an agreement between the project company and the GODR. It provides a framework for the whole operation, including the guarantees, assurances, and support necessary for implementing the Project. The IA contains a variety of commitments, inducements, and guarantees given by the GODR.

C. Other Contracts and Agreements

4. Other contracts will include the Engineering, Procurement and Construction (EPC) Agreement, the fuel supply agreement (FSA), the land lease agreement (LLA) between the project Company and the GODR, and the operation and maintenance contract (O&M) with the project Operator (a special purpose company subsidiary of Cogentrix).