

PROJECT ABSTRACT

Project number	ME-0189
Project name	Samalayuca II
Country	Mexico
Sponsors	Compañía Samalayuca II, S.A. de C.V
Total project cost	US\$643.4 million
IDB participation	IDB A-Loan: US\$75 million IDB B-Loan: US\$128.7 million
Department	Private Sector Department
Status	Approved by the Board of Executive Directors
Date	October 18, 1995

I. General Data about Project

Borrower: Compañía Samalayuca II, S.A. de C.V. Compañía Samalayuca II S.A. is a Mexican special purpose company established to act as settlor of a Mexican trust that will own, construct and lease the project. The project sponsors and the owners of Compañía Samalayuca II S.A. are subsidiaries or special purpose entities of General Electric (GE), Bechtel Enterprises, El Paso Natural Gas, and ICA-Fluor Daniel.

Executing Agency: Compañía Samalayuca II, S.A. de C.V.

Total Cost: Total project costs are \$643.4 million equivalent as follows: US\$(millions)
Sponsor/Internal Cash Generation US\$128.7 million IDB US\$75.0 Others US\$439.7 million
TOTAL FINANCING US\$643.4 million

II. Characteristics and Components of the Project

The project is a 700 MW (I.S.O. conditions; 505 MW at site conditions) combined cycle gas-fired power plant being developed by Compañía Samalayuca II. The Company will privately finance, construct, and own the project under a Build- Lease Transfer structure. The project will be built under a turnkey arrangement with the Construction Consortium to be made up of ICA and one or more affiliates of GE and Bechtel Overseas Corp. The project will be leased to Comisión Federal de Electricidad ("CFE"), the Mexican state utility, for a period of up to 20 years.

CFE will operate the project and be responsible for arranging the fuel transportation, supply and electrical transmission capacity. The Project will receive gas from a 38.3 km natural gas pipeline. In addition they will be responsible for obtaining most of the Mexican approvals and permits for the project.

A construction consortium consisting one or more affiliates of General Electric, Bechtel Overseas Corporation, and ICA-Fluor will build the Plant.

The project will be located in the State of Chihuahua approximately 42 km south of Ciudad Juarez, in a tract of land adjacent to the town of Samalayuca, municipality of Juarez, Chihuahua. Samalayuca II will be located next to Samalayuca I a 300 MW power plant owned by CFE. The site is owned by CFE, with Samalayuca II taking up approximately 31.46 ha.

A new gas pipeline will originate at the plant site and will extend to the U.S./Mexico border, crossing the border near the town of San Agustín Valdivia, continuing on to the town of San Elizario. The rights of way for the pipeline are in the process of being negotiated. The land requirement for the right of way (20 m wide and 34.11 km long) is 68.22. ha.

The physical site of Samalayuca I & II and the gas pipeline is practically flat with the exception of the sand dune area and the Samalayuca, Juárez and El Presidio ridges. Because of the dry climate, predominant vegetation is underbrush interspersed with grasses. In the area projected for the gas pipeline corridor, approximately 50% is desert sand vegetation, 39% desert underbrush with no current use, 7.5% cattle grazing land and 3.5% on the bank of the Rio Bravo for agriculture.

The town of Samalayuca is located approximately 800m from the property of CFE. Total population of Samalayuca is 804 inhabitants of whom approximately 275 are economically active.

Project Technical Description. The turnkey contract will be performed by the Construction Consortium and will be guaranteed on a joint and several basis by GE, Bechtel, and ICA. The contract comprises the design, construction, provision of equipment, testing, start-up, performance test and training of personnel.

The plant will consist of three combined-cycle modules. Each module will be made up of the following main components: gas turbine generator (MS-7001FA gas turbine), heat recovery steam generator, steam turbine generator, dry type direct air condenser, and plant controls and auxiliary components. The useful life is estimated to be 30 years.

The plant will use natural gas as the base fuel and diesel oil as an alternate fuel. The natural gas may be imported from the U.S. Estimated nominal consumption is 74.19 kg/hr (24.73 kg/hr for each generating unit). Diesel fuel will be supplied by Petroleos Mexicanos. Estimated usage of diesel is 20 days per year - with nominal consumption of 94.08 m3/hour. Actual diesel usage is limited by the terms of the Environmental Impact Approval provided by Secretaría de Desarrollo Social (SEDESA). The diesel would be used only in the case of gas interruption.

Total water consumption is estimated at 6.3 l/s (100 gpm) with a peak consumption of 60 l/s (950 gpm) when operating with diesel fuel. Water will come from wells which currently supply the Samalayuca I plant. Project Timetable

The project is projected to be completed over a 33 month period with the first unit coming on-line in the 27th month.

III. Status of Preparation

The project was awarded pursuant to a competitive bidding process in December of 1992. The Sponsors first approached the Bank in April 1995 and the Bank's Board of Directors approved the project