

## PROJECT ABSTRACT

Project number	NI-0103
Project name	Tipitapa
Country	Nicaragua
Total project cost	US\$ 45.3 million
Sponsors	Coastal Power Nicaragua, Ltd.
IDB participation	IDB A-Loan: US\$ 10.75 million IDB B-Loan: US\$ 14.03 million
Department	Private Sector Department
Status	Approved by the Board of Executive Directors
Date	September 23, 1998

### GENERAL DESCRIPTION:

The Tipitapa project is the result of an international competitive bidding launched in June 1997 by *Empresa Nicaragüense de Electricidad* ("ENEL"), Nicaragua's public generation, distribution and transmission company, to contract approximately 50 MW of firm capacity and associated energy under the terms and conditions of a 15-year Power Purchase Agreement ("PPA").

IDB actively supported the process, and the project is the first private undertaking competitively awarded in Nicaragua since the new legislation for the sector (*Ley de la Industria Eléctrica*) was enacted in October 1997.

Construction of the plant started in February 1998 and commercial operation is scheduled to occur by April 14, 1999. Construction supervision as well as operation, maintenance, and administration of the Project is provided by Coastal Technology Nicaragua S.A. ("CTN"). CTN is a wholly-owned direct subsidiary of the Coastal Corporation.

The 15-year PPA between the project company and ENEL provides for revenues consisting primarily of capacity and energy payments as follows:

- a) Capacity payments: expressed in US\$ per kW per month of firm and demonstrated capacity, and subject to equivalent availability and equivalent reliability adjustments.
- b) Energy payments: expressed in US\$ per kWh of energy dispatched and delivered, subject to escalation according to: (a) the average price actually paid for the fuel; (b) annual variable operation and maintenance cost; and (c) partial load factors.

### BENEFITS:

The plant will help to mitigate the severe deficit in the system and increase its reliability.

The project and the financing arranged by the Bank are landmarks which provide an important demonstration effect for private participation in infrastructure in Nicaragua.