

Bridging the energy gap with one of world's largest LPG power plants in the world

MYTILINEOS helps Early Power Limited to achieve critical milestone on Stage 1 of Bridge Power Plant in Ghana.

MYTILINEOS STRENGTHENS ITS market-leading position in sub-Saharan Africa, with another major energy project which will provide a sustainable solution to meet Ghana's energy needs.

Specifically, Early Power Limited, a consortium formed by Endeavor Energy, Sage Trading Group, a leading Ghanaian fuels company, and General Electric achieved a critical milestone for the Bridge Power Plant in Ghana, with a Notice to Proceed for stage 1, representing the first 202MW phase of the total 400MW project.

The construction contractor is the EPC Business Unit of MYTILINEOS - METKA, with a contract value approximately US\$363mn. The company has worked with the consortium sponsors, to provide limited recourse vendor financing to the Bridge Project, including through an EPC Contract price deferral mechanism supported by a guarantee provided by GuarantCo (a development finance institution that forms part of the Private Infrastructure Development Group sponsored by five G12 governments). This innovative vendor financing structure will substantially shorten the time required for construction commencement.

The unique vendor financing approach taken in this transaction by MYTILINEOS and the sponsors, provides a true limited recourse financing solution with a longer-term tenor, avoiding the "cliff edge" of a "hard" refinancing longstop date. This approach offers project sponsors substantial benefits, including the flexibility to arrange a permanent financing solution with commercial lenders and DFIs in good time and on appropriate terms. It also allows sponsors to better manage their relationship with the host government as construction can proceed apace during financing negotiations. Long delays to construction commencement can be a considerable source of friction, especially where the EPC Contractor can only proceed with the contracted works after financial close of the main financing arrangement.

Such a structure brings into focus the interplay between the allocation of responsibilities of each of the project companies and the EPC contractor under the EPC contract and the range of project control, approval rights and remedies typically available to project finance lenders under the

vendor financing. A bespoke arrangement has been negotiated which balances the interests of the project sponsors, the project company, the EPC contractor and the vendor financier.

Transformational project

The Bridge Power project, located in Tema, is a transformational project for Ghana, as it will rapidly add much-needed generation capacity to the country.

The Bridge Project will initially run on liquified petroleum gas (LPG), becoming one of the largest liquefied petroleum gas (LPG) fuelled power plants in the world. Later on, when natural gas becomes available in Tema, it is planned for the plant to switch to run on natural gas as its primary fuel, with LPG as "back-up". Of course, the project will also meet the most stringent local and international (World Bank/IFC) environmental requirements.

Not only will the project diversify Ghana's current power generation fuel mix through the addition of secure, lower cost LPG supply, but it will also create a positive long-term impact with the LPG infrastructure being utilised to enable the supply of environmentally friendly LPG for domestic and other uses in Ghana.

MYTILINEOS is working on some of the most exciting and challenging power projects in the world, bringing its flair for innovation and technical ability to deliver complex energy projects globally.

The first stage of the plant's construction is expected to take a total of 24 months, although power will initially come online in 10 months and the combined cycle portion of Stage 1 will be completed in the fourth quarter of 2020. Apart from the positive impact of such a significant capital investment in Ghana, the project will create hundreds of jobs (majority Ghanaian) during construction, while a further 125 people will be employed as part of ongoing operations of the life of the plant. In addition, approximately 250 indirect (mainly local) jobs supporting the project will be created.

Panagiotis Gardelinos, general manager of MYTILINEOS' EPC Business Unit said, "We are delighted to have worked with Endeavor to realise the first stage of the 400MW multi-fuel combined cycle Bridge Power project in Ghana and to

implement an innovative structure of supplier credits to enable full construction of the project while the sponsors finalise arrangements for permanent financing. This is the third project in Ghana for METKA, the EPC Business Unit of MYTILINEOS and demonstrates our continued commitment to deliver to all citizens a future with energy autonomy, always based on the latest technological developments and international best practice. We are proud that we are able to provide sustainable energy solutions worldwide and especially in sub-Saharan Africa where the needs are so great."

Care for the communities

Alongside its construction activities, whether for the Bridge Project or elsewhere, MYTILINEOS puts strong emphasis on supporting local communities. In this context, the company has already donated much needed facilities to St. Nicholas' preparatory school, located in the port of Tema New Town.

MYTILINEOS presence in Ghana

Given its strategic focus on expanding business operations in sub-Saharan Africa and West Africa in particular, the EPC Business Unit of MYTILINEOS – METKA has completed a 250MW Fast Power project with ten General Electric TM2500+ mobile gas turbine power generating sets in the region of Takoradi, already in operation since February 2016. Currently MYTILINEOS is also constructing an additional 200MW combined cycle dual fuel power plant in Takoradi for Amandi Energy, while simultaneously carrying out full operations and maintenance services for the Takoradi mobile power plant. ■



Contributed by Mytilineos

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