

Headline	Gas-powered project to be constructed
Media Title	Loop-Your News Now
Date	11 November 2017



The National Executive Council has approved a 57.78 megawatts gas-powered project to be constructed near the LNG site outside Port Moresby.

The announcement was made by Minister for Public Enterprises and State Investments, William Duma, on Friday (Nov 10) during the ground-breaking ceremony of the Kilakila substation in Port Moresby.

He said the project will be constructed by an independent power producer (IPP), NiuPower Limited, a joint venture company owned by Oil Search Ltd and Kumul Petroleum Holdings Ltd.

"The electricity will be sold to PNG Power Ltd (PPL) under a power purchase agreement between PPL and NiuPower."

Duma said the project was identified as a critical and special key infrastructure project with significant impact in meeting Port Moresby's demand for power as well as the potential to reduce PPL's retail tariffs throughout PNG.

"The total cost of the power plant project alone is valued at PGK375 million (US\$115.1 million), to be equity funded by NiuPower to design, procure, install and commission the project," said Duma.

He stated that in order to transfer power generated by the gas fired power plant to the Port Moresby grid, PPL will be constructing a double circuit 66 kilovolt transmission line from the power plant site to a new Gerehu substation.

"The transmission line and Gerehu substation, including any associated transmission and distribution lines expansions, will be funded by PPL at a cost of K60 million."

Duma said the unit cost for producing power through gas compares favourably to other existing and alternative energy sources in Port Moresby.

"The average power tariff or unit cost to PPL is US\$ cents per kilowatt-hour subject to fuel prices and escalation, and this is the cheapest compared to existing PPL generating sources."

Duma said the gas fired project will be PPL's first cost effective IPP ever negotiated by PNG Power Ltd.

(William Duma with locals during the ground breaking event yesterday)

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