

Headline	Govt Seals K375m Power Project
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The National Executive Council has approved a K375 million (US\$115.1 million) gas fired power project to be equity funded by NiuPower to design, procure, install and commission the project in Port Moresby.

This 57.78 mega watt power project will be constructed near the LNG site outside Port Moresby by NiuPower Limited, a joint company owned by Oil Search Ltd and Kumul Petroleum Holdings Limited as an independent power producer.

It will then sell electricity to PNG Power under a power purchase agreement between PPL and NiuPower.

The announcement was made by Public Enterprise and State Investment Minister William Duma last Friday.

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

He said in order to transfer power generated by the gas fired power plant to the Port Moresby grid, PNG Power Ltd will be constructing a double circuit 66kV 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.

"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 K0.25 (US\$8 cents) per kilowatt- hour subject to fuel prices and escalation, and this is the cheapest compared to existing PPL generating source," he said.

Mr Duma said the project is one of the first and most cost effective IPP ever negotiated by PNG Power Limited.

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