

Signing Ceremony involving the Government of
Trinidad and Tobago, Power Generation Company
of Trinidad and Tobago (POWERGEN), Maruenergy
Trinidad LLC and NEL Power Holdings Limited

for

A Power Purchase Agreement to be executed
between

Power Generation Company of Trinidad and Tobago
(POWERGEN) and Trinidad and Tobago Electricity
Commission (T&TEC)

and

A Government Implementation Agreement to be
executed among the Government of Trinidad and
Tobago, Power Generation Company of Trinidad
and Tobago (POWERGEN), Maruenergy Trinidad LLC
and NEL Power Holdings Limited

December 5 2014

Radisson Trinidad

Mr. Chairman,

Senator the Honourable Anand Ramlogan, Attorney General

Honourable Nizam Baksh, Minister of Public Utilities

Sen. the Honourable Kevin Ramnarine, Minister of Energy and Energy Affairs

Ms. Marlene Juman, Permanent Secretary, Ministry of the Attorney General

Mr. Selwyn Lashley, Permanent Secretary, Ministry of Energy and Energy Affairs

Mrs. Vashti Jitman, Deputy Permanent Secretary, Ministry of Public Utilities

Mr. Indarjit Singh, Chairman, PowerGen

Mrs. Susilla Ramkisson-Mark, Chairman, T&TEC

Mr. Kenny Lue Chee Lip, Chairman, NEL Power Holdings Inc.

Mr. Masao Imazato, Director, Maruenergy Trinidad, LLC

Mr. Fitzroy Harewood, General Manager, PowerGen

Mr. Kelvin Ramsook, General Manager, T&TEC

Mr. Krishnadath Ramlogan, General Manager, NEL Power Holdings Inc.

Senior Officials from the Ministry of Public Utilities, Ministry of Finance, Ministry of the Attorney, General, PowerGen, NEL Power Holdings Inc. and T&TEC

Members of the media

Ladies and Gentlemen

I am very pleased to be here this morning to participate in this signing ceremony and to execute on behalf of the Government of Trinidad and Tobago, a Guarantee Agreement which, together with the power purchase agreement also to be executed, will set the stage for putting our power generation requirements on a sustainable, secure and reliable basis.

This *Power Purchase Agreement* represents the power which will be purchased by T&TEC from facilities at Penal, Point Lisas and Port of Spain, all owned by the Power Generation Company of Trinidad and Tobago Limited. This *Power Purchase Agreement* will cover a further period of **fifteen (15)** years ending in **2029** and will consolidate the strategic role played by independent private-sector power producers since **1994**. It was in that year when T&TEC was restructured with the separation of the power generation facilities from T&TEC into a new company: POWERGEN which although owned **51.0 percent** by T&TEC was driven by an independent private-sector power producer. The experience over the last **twenty (20)** years with POWERGEN has been particularly satisfactory; but POWERGEN was now faced with a strategic decision relating to the facilities at Port of Spain which had become over time less and less efficient. With power available from Trinidad Generation Unlimited (TGU) and now entering the national grid and with the power purchase agreement coming to an end, the conditions for transitioning

from an aging plant to modernized power facilities became evident.

Accordingly, this *Power Purchase Agreement* provides a sequenced decline in power generation from the existing **819MW** to **742MW** in **2014** and to **624MW** in **January 2016**. From a financial perspective, T&TEC will generate savings at approximately **\$84.0 million** on an annual basis, thereby allowing the Utility increasing flexibility in its resource management to provide the citizens of this country with a regular and reliable supply of power.

Since the establishment of POWERGEN the Government has relied on independent power producers for power generation in the country and we have already put in place the infrastructure for securing independent power producers for Trinidad Generation Unlimited as well as for new power facilities in **2019**.

The second agreement is the *Amended and Restated Implementation Agreement*. I will join other parties in executing this Agreement: Power Generation Company of Trinidad and Tobago, Maruenergy Trinidad LLC and National Power Holdings Limited.

Firstly, I would like to welcome NEL Power Holdings Limited which earlier this year had acquired AMOCO Trinidad Power Resources Corporation (ATPRC) which had a **10.0 percent** shareholding in POWERGEN. NEL Power Holdings

Limited is now bound by the Shareholders' Agreement and has assumed all rights and obligations as a B-shareholder of POWERGEN.

The acquisition represents an important step by NEL in its continuing efforts to diversify its portfolio with assets generating steady and competitively yielding consistent flows of income which undoubtedly would be extremely beneficial to not only its **6,000** individual shareholders resident in Trinidad and Tobago but also to the National Gas Company of Trinidad and Tobago which has a **17.0 percent** shareholding in NEL and the Government of Trinidad and Tobago which has a **66.0 percent** shareholding. As I am on NEL's portfolio strategy, I wish also to commend the institution which together with **two (2)** other local institutions: Trinidad and Tobago Unit Trust Corporation and National Insurance Board have recently added to their portfolios another attractive asset in the energy sector through their joint-purchase of the **10.0 percent** shareholding of GE Capital in Phoenix Park Gas Processors Limited. This will provide our citizens with substantial benefits- the unit holders of the Trinidad and Tobago Unit Trust Corporation, the shareholders of National Enterprises Limited and the working population and pensioners of the National Insurance Board.

Secondly, the Government regards the *Amended and Restated Implementation Agreement* as critical for maintaining the viability of POWERGEN. To that end, the Government is guaranteed to meet the payment obligations of T&TEC under

the *2014 Power Purchase Agreement*. At **624MW** power generation in **January 2016**, the annual guaranteed payments for T&TEC would be in the vicinity of **\$600.0 million** and this is, additional to other guaranteed power purchase arrangements relating to other power producers, including Trinity Power for **225MW** and Trinidad Generation Unlimited for **720MW**.

Finally, I wish to commend the group of public and private-sector officials who have worked assiduously for some time and in many cases beyond their call of duty to ensure that these **two (2)** Agreements not only reflect best international commercial practice but also ensure enhanced consumer value and the social welfare of our citizenry.

Thank you very much.