



## Jenin Power Plant Project

### Project Fact Sheet

<b>Project Name</b>	Jenin Power Plant Project (Jenin IPP)
<b>Project Location</b>	<p>Jenin Governorate (Jalameh, adjacent to Jenin Industrial Free Zone).</p> <ul style="list-style-type: none"><li>❖ About 800 meters away from PETL Jalameh high-voltage sub-station, and the 161 kv grid which allows the transmission of electricity to all governorates in Palestine in both West Bank and Gaza.</li><li>❖ Adjacent to the Jenin Industrial Free Zone, which will enable the direct supply of natural gas to the industrial zone, and the presence of heavy industries.</li><li>❖ Proximity to Haifa port (55 km), which will enable the import and delivery of the project's equipment.</li><li>❖ Direct access through a paved road to road 60 which connects Jenin to Haifa for transport of heavy equipment.</li></ul>
<b>Project Developer</b>	Palestine Power Generation Company Ltd (PPGC)
<b>Main Shareholders</b>	<ul style="list-style-type: none"><li>❖ Palestine Investment Fund (PIF) through its subsidiary MASSADER.</li><li>❖ Palestine Development and Investment Company (PADICO).</li><li>❖ The Arab Bank Group.</li><li>❖ Palestine Telecommunications Group (PALTEL).</li><li>❖ Palestine Electric Company (PEC).</li><li>❖ Arab Palestinian Investment Company (APIC).</li><li>❖ Gulf Metal Industries Co.</li><li>❖ Bank of Palestine (BOP).</li><li>❖ AL-QUDS Bank(QUDS).</li><li>❖ Cairo Amman Bank (CAB).</li><li>❖ Palestinian Pension Authority.</li><li>❖ National Insurance Company (NIC).</li></ul>
<b>Strategic Pillars of the Project</b>	<ul style="list-style-type: none"><li>❖ Implementing the Government of Palestine strategy to achieve energy security for the State of Palestine by reducing dependence on imported energy sources and empowering domestic power generation.</li><li>❖ Providing the basic infrastructure necessary to build the foundations of the Palestinian state to provide basic services to the Palestinian citizens, and the growth fundamentals for national economy.</li></ul>



	<ul style="list-style-type: none"> <li>❖ Establishing domestic market for natural gas that will help to anchor the development of the Palestinian natural gas field off-shore Gaza (Gaza Marine).</li> </ul>
<b>Project Capacity</b>	455 MW (3,700 GWh of generated electricity per annum).
<b>Project Technology</b>	Combined Cycle Gas-fired Power Plant.
<b>Fuel</b>	<ul style="list-style-type: none"> <li>❖ Natural gas - Primary fuel.</li> <li>❖ Diesel oil - backup in emergency cases.</li> </ul>
<b>Project Total Estimated Cost</b>	US\$ 600 Million which includes EPC cost, contingencies for cost over-runs, development fees, owner's costs, financing during construction costs, and pre-funded reserve accounts.
<b>Project Financing Plan</b>	<ul style="list-style-type: none"> <li>❖ \$ 180 million capital financed by shareholders.</li> <li>❖ \$ 210 million funding from Arab Funds and Islamic Finance Institutions.</li> <li>❖ \$ 210 million from international development and finance institutions.</li> </ul>
<b>Targeted funding from the IsDB Group</b>	<p>Targeted funding from the IsDB Group and / or under the leadership of the Islamic Development Bank:</p> <ul style="list-style-type: none"> <li>❖ \$ 120 million from the Islamic Development Bank.</li> <li>❖ \$ 50 million from the Islamic Foundation for the Development of the Private Sector.</li> </ul>
<b>Project Progress Update</b>	<ul style="list-style-type: none"> <li>❖ Signing the project implementation agreement with the Government of Palestine.</li> <li>❖ Acquisition of the project land with total area of 148,000 m<sup>2</sup>.</li> <li>❖ Completing the Project Environmental and Social Impact Assessment (ESIA) study and public hearing according to international standards (World Bank Group and EIB) and local regulations and requirements which was approved by the competent government authorities.</li> <li>❖ Signing the agreed form of the Deed of Guarantee with the State of Palestine through the Ministry of Finance, with final version under discussions.</li> <li>❖ Signing the agreed form of the power purchase agreement (PPA) with the Palestinian Electricity Transmission Company (PETL), with final version under discussions.</li> <li>❖ Signing a Letter of Intent with the Gaza Marine natural gas field developers to provide natural gas to the project under a long-term gas sale and purchase agreement.</li> <li>❖ Pre-qualification of 7 International Contractors for the EPC, Issuing the International Tender for the EPC, LTSA and O&amp;M after which 4</li> </ul>





	<p>proposals have been received from pre-qualified Contractors which included Siemens, Ansaldo, ENKA and SEPCO III.</p> <ul style="list-style-type: none"><li>❖ Completing the technical proposals evaluation stage and is expected to complete the evaluation of the commercial proposals in the near future.</li><li>❖ PPGC is targeting to achieve the project financial closing by the end of 2018.</li><li>❖ Construction of the project is expected to start in 2019 and Commercial operation is expected in 2021.</li></ul>
<b>Project risks and Mitigation strategy</b>	<p>Business Risks - The following measures have been developed to mitigate these risks:</p> <ul style="list-style-type: none"><li>❖ The Sovereign Guarantee of the State of Palestine through the Ministry of Finance to guarantee the obligations of the Palestinian Electricity Transmission Company Ltd. (Offtaker).</li><li>❖ Enhancing the Ministry of Finance's guarantee through multilateral development banks (if possible).</li><li>❖ Create a designated collection arrangement for the collection of electricity sales with the Offtaker.</li></ul> <p>Construction, Operation and Maintenance Risks - The following measures have been developed to mitigate these risks:</p> <ul style="list-style-type: none"><li>❖ Formulating and signing bankable terms and conditions for the EPC contract.</li><li>❖ Fixing the construction costs under "Turnkey" principle and fixing the operation and maintenance costs.</li><li>❖ Inclusion of adequate LDs.</li></ul> <p>Risks associated with gas supply - The following measures have been developed to mitigate these risks:</p> <ul style="list-style-type: none"><li>❖ Sign long-term contracts with gas long-term gas supplier and lock-in alternative sources in case gas is not available from main source.</li></ul> <p>Exchange Rate Risk - The following measure has been developed to mitigate this risk:</p> <ul style="list-style-type: none"><li>❖ Adopt the US Dollar as the single currency for the project revenues (PPA) and payment obligations (EPC, LTSA and O&amp;M).</li></ul> <p>Force majeure Risk - The following measure has been developed to mitigate this risk:</p>





	<ul style="list-style-type: none"><li>❖ The risk of abnormal circumstances in the project agreements have been addressed in accordance bankable norms and conditions.</li></ul> <p>Interest Rate Risk - The following measure has been developed to mitigate this risk:</p> <ul style="list-style-type: none"><li>❖ Fixed-rate financing or hedging through interest rate swap.</li></ul>
<b>Project Advisors</b>	<p>PPGC is working with a leading group of international advisors that include:</p> <ul style="list-style-type: none"><li>❖ Structuring and Mobilizing Project Financing: International Finance Corporation (IFC) .</li><li>❖ Legal advisor: Akin Gump Law Office .</li><li>❖ Technical advisor: FICHTNER GmbH &amp; Co. KG .</li><li>❖ Financial advisor: Synergy Consulting IFA Inc.</li><li>❖ Insurance advisor: INDECS Insurance Consultants .</li><li>❖ Financing advisor: Levant Consulting Group .</li></ul>
<b>Board of Directors</b>	<p>PPGC board consists of a group of prominent economic leaders which includes the following:</p> <ul style="list-style-type: none"><li>❖ Dr. Mohammed Mustafa, Chairman, Chairman of the Board of Directors of the Palestine Investment Fund, representative of MASSADER Company.</li><li>❖ Mr. Bashar Al Masri, Vice Chairman, representing PADICO .</li><li>❖ Mr. Tareq Aqqad, Board Member representing MASSADER Company.</li><li>❖ Dr. Durgham Maraee, Board Member representing MASSADER Company.</li><li>❖ Mr. Azim Bishara, Board Member representing MASSADER Company.</li><li>❖ Mr. Nabil Sarraf, Board Member representing PADICO.</li><li>❖ Mr. Jamal Hourani, Board member representing the Arab Bank.</li><li>❖ Mr. Ammar Aker, Board Member representing the Palestinian Telecommunications Group.</li><li>❖ Mr. Sharhabeel Al Zaim, Board Member representing the Palestine Electricity Company.</li></ul>





<b>Project Direct Fiscal Impact on Government Revenues</b>	<p>The project will have direct fiscal impact of around US\$ 50 million a year on government revenues, which is equivalent to US\$ 1.1 billion over the project lifetime:</p> <ul style="list-style-type: none"><li>❖ Reducing the cost of electricity by US\$ 30 million a year, which is equivalent to US\$ 690 million over the project lifetime.</li><li>❖ Increasing the government income tax revenues by around US\$ 14.3 million per year, which is equivalent to US\$ 330 million over the project lifetime.</li><li>❖ Generating licensing fees of around US\$ 4.3 million per year, which is equivalent to US\$ 100 million over the project lifetime.</li><li>❖ Savings around US\$ 1.7 million per year on VAT clearing and management, which is equivalent to US\$ 40 million over the project lifetime.</li></ul>
<b>Project Economic Impact</b>	<p>This project will have the following direct impact on national economy:</p> <ul style="list-style-type: none"><li>❖ Provide 40% of Palestine's electricity needs.</li><li>❖ Substitute 50% of Palestine's electricity imports.</li><li>❖ Reduce Palestine trade deficit by around US\$ 350 million per year, which is equivalent to US\$ 8 billion over the lifetime of the project.</li><li>❖ Flow of direct national and foreign investment of US\$ 600 million in the Palestinian energy sector.</li><li>❖ Create domestic market for natural gas of around US\$ 130 million per year, which is equivalent to US\$ 3 billion over the lifetime of the project.</li><li>❖ Transfer of knowledge and knowhow to the Palestinian cadres in the fields of engineering, constructing and operating utility scale power plant.</li></ul>

