



**TALKING POINTS FOR THE CONCESSION AGREEMENT SIGNING CEREMONY FOR
GURARA1 30MW HYDRO POWER PROJECT ON MAY 12, 2020**

1. Protocols.
2. Commend the Ministry's effort in adopting PPP methodology for the Concession of Gurara 1 30MW Hydro Power project towards national infrastructure development.
3. This was driven by Federal Government's direction in creating an enabling environment for private investors to support bankable infrastructure development across the country.
4. Thereafter the project development and concession programme was developed in line with the ICRC Establishment Act 2005 and National Policy on Public Private Partnerships (N4P), as part of a broader initiative to support FGN's PPP Programme.
5. The Ministry with the collaboration of the Nigerian Infrastructure Advisory Facility (NIAF) in 2015 entered into an agreement and we thank them for their immense support in the development of an Outline Business Case (OBC) to attract a private sector operator for the concession of the plant.
6. The Federal Ministry of Water Resources (FMWR) concluded plans to concession the Gurara 30MW Phase 1 Hydropower Plant as part of its interventions to support the realization of the renewable clean energy agenda.
7. Thereafter, Halcrow Infrastructure Consortium Limited was appointed as the Transaction Advisers for the concession exercise.
8. The PPP Model involves the implementation of a Rehabilitate, Operate, and Transfer (ROT) PPP arrangement for a concession period of 25 years.
9. The project Grantor (FMWR) commissioned a detailed Project Impact Assessment (PIA) and The Federal Ministry of environment issued a PIA certificate for the power plant.
10. Stakeholder Engagement: The full buy-in of all relevant stakeholders towards successful delivery of the transaction was carried out at various stages of the transaction as members of the Project Delivery Team and other relevant regulators in the electricity supply industry. We thank all the engaged stakeholders for the successful conduct of the process and these stakeholders are as follows;
 - Representatives of Federal Ministry of Water Resources (FMWR) – Authority

- Representatives from the Department of Dams (FMWR)
- Representatives from the Infrastructure Concession and Regulatory Commission (ICRC)- PPP Regulator
- Representatives from the Federal Ministry of Power, Works & Housing
- Representatives of Nigeria Bulk Electricity Trading (NBET)
- Representatives of Nigerian Electricity Regulatory Commission (NERC) – Energy Regulator
- Representatives of Transmission Company of Nigeria (TCN)
- Representatives of Federal Ministry of Environment
- Representatives of the National Integrated Water Resources Management Commission
- Kaduna Disco

11. An Outline Business Case (OBC) Compliance Certificate for the project was granted on 25th October 2016.
12. Calls for Expressions of Interest (EOI) were published on 6th and 10th, July, 2017 and Request for Proposal technical evaluations took place between 8th -9th March, 2018.
13. The Financial Bid Opening exercise took place on 10th April, 2018 thereby leading to the emergence of a Preferred Bidder **Messrs North South Power Company Limited**.
14. The total estimated value of the concession fees from the hydropower plant is NGN17.7 billion.
15. After a successful procurement of the investor through a competitive bidding process, the Full Business Case (FBC) Compliance Certificate was granted by ICRC in February 2019 which was followed by Federal Executive Council approval.
16. This brings us to the official signing of the Concession Agreement today May 12, 2020 which leads to the ICRC taking custody of Concession Agreement.

Outstanding Issues

17. **Outstanding Transmission Line connection (Kundenda – Mando)**

There is uncompleted works on one of the transmission lines from Kudenda – Mando substation (the 110km 132kv transmission line connecting the hydropower plant to Transmission Company of Nigeria's (TCN) Kudenda substation). This should be completed to enable effective implementation of the project by the concessionaire.

Next Steps

18. Eventually, for the project to take off, the Concessionaire (Investor) must achieve Financial Close. (The time when the financial documentation and covenants have

been executed with lenders to the project, and conditions precedent have been satisfied or waived and when it is permissible to draw money for project execution).

19. The FMWR is required under Section 12 of the Act to supervise the project diligently. On the other hand the ICRC and the MDA are required, under Section 10 of the Act, to conduct regular joint inspections of the Project until the end of the contract.