

# GNPower Mariveles: Chinese lenders abroad

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The \$1 billion GNPower Mariveles power project the largest Philippine greenfield power project financing in over a decade and the first non-recourse overseas power project financing for China Development Bank (CDB) and Sinosure reached financial close in March 2010.

The project is the first step in the development of an integrated, multi-fuel electricity generation and fuel handling complex in the municipality of Mariveles, province of Bataan. The Mariveles project is a 600MW station on the Bataan Peninsula, on the island of Luzon. The complex is expected to eventually include an integrated LNG storage and gas-fired power plant, a pumped storage hydro facility and a wind farm.

The project equity group includes Power Partners, PMR Holding, Denham Capital Management and Sithe Global Power (an affiliate of the Blackstone Group). The initial scheme involves development of a 2x300MW coal-fired power plant and includes a private port and associated facilities in Barangay Alas-asin. The plant will consist of two identical 300MW power blocks using pulverised coal combustion technology. The project is expected to have the lowest marginal operating cost of any coal project on the grid when completed

The debt from a group of commercial lenders led by Banco de Oro Unibank and including BPI, China Banking Corporation, Security Bank and Standard Chartered comprises both a \$227 million onshore construction and term loan, and offshore facilities in the form of a \$493 million construction and term loan provided by CDB. Interest rate hedging on a portion of the onshore facility comes from Standard Chartered, and Sinosure is providing export credit insurance for the CDB loan on the back of CNEEC winning the engineering, procurement and construction contract in December 2009.

Unlike most previous power projects in the Philippines, there is no government support or guarantee. There is also no single power offtaker, but numerous offtakers under multiple long-term power purchase agreements. A portion of the output will be sold into the Philippine Wholesale Electricity spot market. The plant will run on low calorific coal from Indonesia.

The deal also involved same-day project and land debt and equity closings, and issuance of notice to proceed for off-shore and onshore EPC contracts, involving over 90 funds transfers.

## GNPower Mariveles

**Status:** Financial close March 2010

**Description:** the largest Philippine greenfield power project financing in over a decade and the first non-recourse overseas power project financing by China Development Bank (CDB) and Sinosure

**Sponsor:** GNPower (Power Partners Ltd, PMR Holding Corporation, Denham Capital Management and Sithe Global Power)

**Equity adviser:** JP Morgan

**Debt and EPC adviser:** Yorick Advisory

**Mandated lead arrangers:** Banco de Oro Unibank, BPI, China Banking Corporation, Security Bank, Standard Chartered

and CDB

**Export credit agency:** Sinosure

**Lenders accountant:** PwC

**Borrower legal counsel:** Milbank and Run Ming

**Lenders legal counsel:** Hogan & Hartson (international) and Abuda, Asis & Associates (local)

EPC contractor: CNEEC

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