



THE PRESIDENCY

Bureau of Public Enterprises

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PRESS RELEASE

The Director General of the Bureau of Public Enterprises (BPE), Ms. Bolanle Onagoruwa, has reiterated that the deadline for the submission of Expressions of Interest (EOIs) for the successor companies created out of the Power Holding Company of Nigeria (PHCN) remains Friday, February 18, 2011.

She made the remark on Friday, February 11, 2011 during the One-on-One meeting with investors during the just-concluded Electric Power Investors' Forum in Johannesburg, South Africa.

Onagoruwa disclosed the myriad investment incentives available for investors in the privatization of the electricity utility. They include:

- New commercial Multi-Year Tariff Order (MYTO);
- Duty exemption for equipment for gas-fired generating companies;
- Five-year tax holiday;
- Partial Risk Guarantees (PRGs) for the generating companies;
- Tariffs by the distribution companies to be supported by the PRGs;
- Labour liabilities to be resolved before handover;
- The Nigeria Electricity Liability Management Company (NELMCO) to take over outstanding liabilities; and
- World Bank's Multilateral Investment Guarantee Agency (MIGA) instrument to insure against political risk.

She added that the privatization of the generating companies will follow a three-stage process:

- ✓ Expression of Interest (EOI) stage;
- ✓ Technical Bid Stage; and
- ✓ Opening of financial proposals.

The four thermal generating companies will be privatized through core investor sales. The boss of the privatization agency pointed out that the exact percentage of shares to be sold in each thermal generating company will be determined after the conclusion of the on-going due diligence by the transaction advisers.

Recall that the BPE, had between December 13 and 20, 2010, published adverts in local and foreign media inviting prospective core investors to express interest in the eleven distribution companies unbundled from the Power Holding Company of Nigeria (PHCN.) The BPE also invited prospective core investors to express interest in the four thermal power stations and as concessionaires for the two hydro power stations.

The core investor sales to be carried out through international competitive bidding will cover the eleven Electricity Distribution Companies in the country. They are Abuja Electricity Distribution Company Plc; Benin Electricity Distribution Company Plc; Enugu Electricity Distribution Company Plc; Eko Electricity Distribution Company Plc; Ibadan Electricity Distribution Company Plc; and Ikeja Electricity Distribution Company Plc. Others are Jos Electricity Distribution Company Plc; Kaduna Electricity Distribution Company Plc; Kano Electricity Distribution Company Plc; Port Harcourt Electricity Distribution Company Plc; and Yola Electricity Distribution Company Plc.

The privatization of thermal and hydro power stations, which will also be carried out through international competitive bidding, will cover the following companies:

Thermal Power Generating Companies:

- (1)Ughelli Power Plc – situated in Delta area in South-South region of Nigeria with a total installed capacity of 972 MW;
- (2)Geregu Power Plc- situated in Kogi State in North Central Nigeria with a total installed capacity of 414 MW;
- (3)Afam Power Plc comprising of Afam I-V power stations located in Rivers State in South-South Nigeria with an installed capacity of 776 MW; and
- (4)Sapele Power Plc located in Sapele, Delta State in South-South Nigeria with an installed capacity of 1020 MW.

Hydro Power Generating Companies:

- (1)Kainji Power Plc comprising Kainji Power Plants and Jebba Power Plants located in Niger and Kwara States respectively in North-Central Nigeria; and
- (2)Shiroro Power Plc located at the Shiroro Gorge, Niger State in North-Central Nigeria.

Potential bidders should be existing power distribution companies or core investor groups with power distribution companies as long-term technical partners. Successful bidders will be responsible for operating the distribution companies, making the necessary investments to improve the distribution network and customer service in line with the objectives of the Federal Government of Nigeria set out in the National Electric Power Policy (NEPP.)

As for the generating companies, potential bidders/concessionaires, who should be existing local and/or international power generators or investors with power generators as long-term technical partners, will be responsible for operating the station, improving the generation capacity and making the necessary investments in line with the objectives of the Federal Government of Nigeria set out in the NEPP.

CHUKWUMA NWOKOH

BPE Spokesman

February 14, 2011