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# NiuPower and PNG Power Limited sign historic Power Purchase Agreement

## Media Release

28 April, 2019

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NiuPower, a company jointly owned by Oil Search Power Holdings Limited and Kumul Energy Limited, has signed a long term Power Purchase Agreement with PNG Power Limited that will support the electrification and development of PNG using the country's own natural gas.

The NiuPower Port Moresby Power Station located near the PNG LNG project plant site is the country's first dedicated grid-connected gas-fired power plant. It is expected to produce the cheapest power in Port Moresby, saving millions of Kina annually for PNG Power. The Power Purchase Agreement (PPA) for the Project was signed on April 26, 2019.

Gerea Aopi, Oil Search PNG Country Chairman, commenting on the Power Purchase Agreement signing in his capacity as a NiuPower Director, said:

“Power is fundamental to economic and social development and underpins activities which improve lives.

“Given that the PNG LNG Project is exporting significant volumes of gas to power Asia, we believe it is important for us to help find solutions for PNG's power dilemma. The signing of the Power Purchase Agreement demonstrates our commitment. Additionally, partnerships between the private sector and the PNG Government like NiuPower will help ensure we address some of the most significant development and social issues for people in PNG.”

NiuPower was established in 2017 to facilitate joint participation between Oil Search and Kumul Petroleum Holdings to focus on domestic power production. The Port Moresby Power Station is NiuPower's initial investment at a cost of US\$100 million (K340 million).

The power station can deliver efficiently any level of power dispatch, from 6MW to 58MW, to exactly match PNG Power's demand. Using locally produced gas instead of imported heavy fuel oil and diesel, it will reduce materially the environmental impact from power generation. Six high efficiency reciprocating gas engines ensure high thermal efficiency compared to other gas-fueled generation options resulting in less fuel, lower costs and reduced emissions.

Development of the power station commenced in August 2017 and is owned and operated by NiuPower as an Independent Power Producer. Over 90% of the workforce involved in the plant's development are PNG citizens. The project also extensively used PNG companies, service providers and suppliers. K130 million was paid to PNG subcontractors while K28 million in taxes was paid by the construction workforce.

In March, the Project achieved a milestone by passing 1 million work hours without a recordable incident – a world class performance on any construction project.

The power station will have the capacity to supply up to 58MW of electricity to the Port Moresby grid. This represents approximately 75% of the 80MW average daily load of the grid and 45% of the daily peak.

Oil Search has consolidated all of the Company's power activities into a single business entity, 'Oil Search Power Holdings'. Our power business is advancing the initiatives that can deliver scalable, reliable and competitively-priced power to PNG's communities, businesses and industry.

**End.**

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Photos courtesy of Oil Search and NiuPower



*Carolyn Blacklock, PNG Power Limited (PPL) acting Managing Director, Rogen Wato and Gereia Aopi, NiuPower Directors after signing the Power Purchase Agreement between NiuPower and PPL.*



*Over 90% of the workforce involved in the development of the Port Moresby Power Station are PNG citizens.*



*A drone shot of the Port Moresby Power Station in March 2019. The power station is NiuPower's initial investment at a cost of K340 million. **Photo courtesy of NiuPower.***