

Summary of
Shiroro Hydro Electric Power Plant Concession
A Public Private Partnership
Between
The Bureau Of Public Enterprises
And
Shiroro Hydro Electric PLC
And
North South Power Company Limited

February, 2013.

Disclaimer

This summary should not be relied on as a complete description of the rights and obligations of the parties to the project and is not intended for use as a substitute for the contracts.

Abbreviations and Acronyms

BPE	Bureau of Public Enterprises
MOFI	Ministry of Finance Incorporation
MW	Megawatt
NCP	National Council of Privatisation
NERC	Nigeria Electricity Regulatory Commission
PHCN	Power Holding Company of Nigeria Plc
PPA	Power Purchase Agreement
TCN	Transmission Company of Nigeria
ICRC	Infrastructure Concession Regulatory Commission
FGN	Federal Government of Nigeria
EPSR	Electric Power Sector Reform

Introduction: The Federal Government of Nigeria through the Bureau of Public Enterprise authorised a concession of the Shiroro Hydro Electric Plc for the generation, operation and activities of power holding company of Nigeria Plc (PHCN), at the power station and in this respect to acquire, employ and make use of such of PHCN's assets and employees and assumes and/or enjoy such of the rights, undertakings, obligation and function of PHCN that pertain to and/or are incidental to the generation of electricity in accordance with the provision of the EPSR Act. The company's authorised share capital is five million (5,000,000) Naira divided into ten million (10,000,000) ordinary shares wholly owned by FGN through Ministry of Finance Incorporated (MOFI) and BPE.

This summary is in four parts; Part I contains basic project information, Part II contains specific contract information, Part III contains information on actual performance of the project, Part IV contains information on contract variation (if any).

Project Summary:

Part 1 Project Overview

Project Name: Shiroro Hydro Electric Power Plant Nigeria

Status: Status as at August 7, 2014: Active

Name of contracting authority: Bureau for Public Enterprise (BPE)

Name of the concessionaire: North South Power Company Limited

Scope of the Project: The FGN desires and intends to confer on the private sector the operation, restoration and maintenance of hydroelectric power production facilities located in the Shiroro Reservoir. The BPE are authorised under the Privatisation Act to undertake the transaction for and on its behalf in the Federal Republic of Nigeria (the power station) and the Hydro Property (as hereinafter defined) and NCP and BPE. To upgrade, develop, manage, operate and maintain the power station. It shall also design, construct, operate and maintain new generation capacity and to comply with the performance requirements and standards detailed in the Agreement.

Project land area:

Development Cost: Concession fees to be paid to BPE by the Concessionaire: (i) an initial payment of fifteen million US dollars (\$15 million). (ii) an upfront payment of 96million six hundred and fifty four thousand, five hundred and thirty four dollars (\$96,654,534). (iii) subsequent annual payment of twenty three million, six hundred and two thousand .four hundred and eighty four million dollars (\$23,602,484.47). (iv) five percent of the Concessionaire's pre tax gross sales revenue over the previous month as monthly Royalty.

Completion period: 30 years

Mode of Financing: Concessionaire to provide financing as stated in Clause 7.4.1

Project Benefits:Efficient and effective operations, restoration and maintenance of the hydroelectric power facilities for the benefit of the economy.

Bidding brief: The BPE solicited tenders for the development, construction, operation and maintenance of the power station and received bids from all interested parties. The Concessionaire submitted the most financially competitive bid which is also in accordance with the minimum technical requirements and has therefore been selected to develop, construct, operate and maintain the Power Station in accordance with the terms of this Agreement.

Approval Structure: Authorized by the Federal Government of Nigeria through the National Council on Privatisation and the Bureau for Public Enterprises.

PART 2: CONTRACT INFORMATION

Contract Milestones

Date of Execution of the concession Agreement: 21st February, 2013.

Effective Date: The term (“Term”) of the agreement comprises three phases:

(A) A transition period commencing on the date of signature until the Commencement date, during clauses 1,2,7,8,10,11,15,16,18 and 19 together with the relevant schedules, including schedule 11.

(B) The concessionaire terms, during which all provision shall be in full force and effect; and

(C) A termination period during which the concessionaire shall re-transfer the Hydro property and parties shall co-operate to have a smooth transfer of operations from the concessionaire back to the company.

Date of Financial Close:

Start Date of Concession: 21st February, 2013

Date of Expiry of the Concession: February, 2044.

<p><u>Public Authority:</u></p> <p>Bureau of Public Enterprises 11 Osun Crescent, Off IBB Way Maitama Abuja</p> <p>Shiroro Hydro Electric Company PLC Shiroro power Station Complex, Shiroro, Niger State</p> <p>Infrastructure Concession Regulatory Commission. Plot 1270, Ayangba Street, by FCDA Garki Area 11, FCT, Abuja.</p>	<p><u>Private Entity:</u></p> <p>North South Power Company Limited No. 1 Rima Street, Maitama Abuja</p>
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Land and Asset Transfers to Concessionaire: The hydro property shall be transferred to the Concessionaire during the transition period as set out in schedule 11 (Transition Plan).

Rights to collection of user charges: The Concessionaire

Rate setting: The Concessionaire

Risk Allocation

Risk Category	Concessionaire	Grantor
Risks associated with project preparation	X	X
Permits/Approvals Risk	X	
Provision of Utilities Risk	X	

Construction Risk	X	
Completion Risk	X	
Cost Overrun Risk	X	
Technical Risk	X	
Force Majeure Risk	X	X
Operational Risk	X	
Financing Risk	X	
Demand Risk	X	
Environmental Risk	X	
Termination Risk	X	X

Expected levels of performance:

Minimum Expected Performance Criteria	Agreed Correction Period for Failure
<p>The available capacity at the Shiroro power station as at the date of this Agreement is 600MW.</p> <p>The Concessionaire shall operate, maintain and refurbish or repower or replace or expand the Shiroro Power Station in accordance with this Agreement, in accordance with the post acquisition plan, in such a way as to increase the available capacity of the Shiroro Power Station and so that the available Capacity on the Shiroro Target Date is equal to or greater than 600MW (the Shiroro Minimum Capacity Target.)</p>	<p>Where the available capacity is less than the Shiroro minimum capacity target on the Shiroro target date, the Concessionaire shall pay to BPE liquidated damages an amount calculated in accordance with the following formula in respect of each month in a year between that LD calculation date and the next. Schedule 7 of the Agreement.</p>

Reporting and Performance Monitoring

Clause 4.5 provides that notwithstanding the rights of ICRC and NERC to monitor the operations, the Company and BPE shall have the right to inspect the restorations and any other improvements or alterations during the performance of the same and after they have completed.

Dispute Resolution: The Party alleging dispute shall give written notice of such dispute to the other party. After 10 days of service a director or senior management of the parties shall meet and resolve the issue. If after 30 days this fails then either party can refer the matter to arbitration in accordance with Arbitration Rules set out in the first schedule of the Arbitration and Conciliation Act, 2004. Clauses 18.2- 18.9.

Events of default and termination

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Main events of default	Defaulting party	Procedure for termination.	Termination Payments.
Any breach of any of the payment obligations imposed on the concessionaire pursuant to Clause 11 that is not remedied within fifteen days after notice from BPE. Clause 17.1.1	Concessionaire and BPE		
Performance default.	Concessionaire		
Termination of the Technical Service Agreement for any reason during the first five years after the date of the Contract and the Concessionaire has failed to enter into another Technical Service Agreement.	Concessionaire		
Any material breach by the Concessionaire of any covenant or agreement in this Agreement that is not remedied within sixty days after notice from BPE or the Company giving reasonable details of the breach by the Concessionaire and demanding remedy thereof. Clause 17.1.1	Concessionaire & BPE		
The termination of any of the industry Documents or the revocation or termination of the generation licence or the water licence as a result of a default, omission or breach by the	Concessionaire and BPE		

Concessionaire. Clause 17.1.3			
Any act or omission by or attributable to the Concessionaire which could constitute an event of default giving rise to a right of termination under the terms of the relevant Industry document. Clause 17.1.4	Concessionaire		
Clause 17.1.2 the occurrence of any items listed in sub clauses A-F.	Concessionaire		
The Expropriation, Nationalisation or compulsory acquisition by a Regulatory Authority of any constituent element of the Hydro Property or the Operations. Clause 17.2.3	BPE		

Termination payments:

The termination payments for the events leading to default and termination either due to the Concessionaire or due to the Grantor or due to other reasons are described below:

Party and Events of default	Termination payment
Concessionaire event of Default	The Concessionaire shall cease to have any rights in or entitlement to and shall convey, transfer, assign and deliver to the company, free and clear of any encumbrances, the Concessionaires right, title and interest in and to the hydro property, the Concessionaire's moveable assets and any relevant spare parts and consumables accompanied by any necessary bills of sale, assignment agreements or other instruments of transfer of transfer reasonably requested by the Company. (B) Concessionaire shall pay the BPE Default Purchase price as set out in Schedule 13.
FGN event of default	The FGN shall cease to have any rights in or entitlement to and shall convey, transfer, assign and

	<p>deliver to the company, free and clear of any encumbrances, the Concessionaires right, title and interest in and to the hydro property, the Concessionaire's moveable assets and any relevant spare parts and consumables accompanied by any necessary bills of sale, assignment agreements or other instruments of transfer of transfer reasonably requested by the Company.</p> <p>(B)BPE shall pay the Concessionaire Default Purchase price as set out in Schedule 13.</p>
Due to effluxion of time	<p>The Concessionaire shall cease to have any rights in or entitlement to and shall convey, transfer, assign and deliver to the company, free and clear of any encumbrances, the Concessionaires right, title and interest in and to the hydro property, the Concessionaire's moveable assets and any relevant spare parts and consumables accompanied by any necessary bills of sale, assignment agreements or other instruments of transfer of transfer reasonably requested by the Company.</p>
Due to event of Force Majeure(other than political force majeure)	<p>The Concessionaire shall cease to have any rights in or entitlement to and shall convey, transfer, assign and deliver to the company, free and clear of any encumbrances, the Concessionaires right, title and interest in and to the hydro property, the Concessionaire's moveable assets and any relevant spare parts and consumables accompanied by any necessary bills of sale, assignment agreements or other instruments of transfer of transfer reasonably requested by the Company.</p> <p>(B) BPE shall pay the Concessionaire Force Majeure purchase price as set out in schedule 13.</p>

Transfer clauses at expiry of contract: The Concessionaire shall, not later than 15 days after the date of termination of Concession Term , provide the Company with inventories of the relevant Hydro Property Moveable Assets, and the spare parts and consumables which it used in the context of the Operations. At the expiry of the termination period the Concessionaire vacate the site, surrender peaceful possession of the hydro property, hand over all documents including drawings, manuals and records relating to the operations of the hydro property, convey, transfer, assign and deliver to the company, free and clear of any encumbrances, the Concessionaires right, title and interest in and to the hydro property, the Concessionaire's moveable assets and any relevant spare parts and consumables accompanied by any necessary

bills of sale, assignment agreements novation agreements or other instruments of transfer of transfer reasonably requested by the Company.

Conditions of assets: An expert shall be appointed to conduct a condition survey of the hydro property and provide a valuation of the cost to restore the hydro property to the condition it would have been if it had been duly operated and maintained in accordance with this Agreement and to replace any hydro property which is no longer available at the site.

Responsibility for defects and liabilities: the Concessionaire shall be responsible for defects and liabilities.

Part 3: Implementation Information

Actual Project Performance

The actual year-wise performance achievement against key indicators was as follows:

Construction Phase						
Performance indicators	Year 1		Year 2		Year 3	
	Target	achievement	target	achievement	Target	Achievement
Operational Phase						
Performance Indicators	Year 1		Year 2		Year n	
	target	achievement	target	achievement		

Process followed for validation of disclosed information

[State the process followed for checking data for accuracy before proactive disclosure]

	Yes/No	Date
Review and Sign-off by the ICRC	YES. Data was cross checked with the clauses of the Concession Agreement.	2014.