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20111206 PS NECYonki Mananda Stanley power submissions

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The Minister for Public Enterprises, Sir Mekere Morauta, said today National Executive Council had approved three submissions from himself and the Minister for Petroleum and Energy, Mr William Duma, to improve national electricity supplies.

“The submissions relate to the repair and expansion of the Ramu Hydro Scheme in the Eastern Highlands, the construction of a gas-fired generator in the Southern Highlands and the construction of a gas-fired generator in Western Province,” Sir Mekere said.

“Individually, they are very big projects that can add significantly to the generation capacity of the nation.

“Taken together, they are a giant leap forward in progress towards increasing our national energy capacity, providing economic opportunity and promoting national development.

“Most importantly, they can come on-line very quickly.”

The Ramu and Mananda proposals would link into the Highlands-Morobe-Madang grid, as well as providing local power.

They would solve the power shortages in Lae and Madang, and provide excess electricity that would be available for new industrial, agricultural and domestic demand in Morobe and Madang provinces and across the Highlands.

PNG Power’s Lae-Madang-Highlands grid at present generates only 62 megawatts of electricity. The Ramu and Mananda proposals could increase total output to as much as 497 megawatts

“These projects have the potential to transform local economies as well as the national economy,” Sir Mekere said.

“They have the potential to transform the lives of hundreds of thousands of people in the long-term.

“They are opportunities that we cannot afford to miss.”

The Ramu project is being proposed and undertaken by the Government through IPBC in partnership with PNG Energy Developments Limited, a 50-50 joint venture between PNG Sustainable Developments Limited and Origin Energy of Australia.

The Mananda and Stanley projects are being proposed by PNG EDL, and the Government is considering buying equity.

NEC approved a K45 million feasibility study for the Ramu project, which could increase the Ramu output from the current 45 megawatts to as much as 325 megawatts,

The first stage would be to repair and renovate the existing Yonki dam and power station. The second is to complete the 'Toe of Dam' project, which will generate power from water going over the existing spillway at Yonki. The third is to build a new dam and powerhouse.

Cabinet directed IPBC to proceed with the feasibility study and agreed to take steps to designate the project as a 'Project of State Significance'.

The Mananda gas-fired power project would link into the Ramu transmission system at Mendi. As well as feeding into the existing system, it could also supply large mining projects, and there is sufficient capacity for local rural electrification schemes.

The project would generate between 80 and 150 megawatts of electricity.

Under the proposal, PNG Power Limited's Ramu transmission lines could be transferred into a Public-Private Partnership owned by the State and the private sector.

NEC noted the work being done by PNG EDL and IPBC to advance the project, and directed IPBC to investigate options for carrying out a transmission system PPP.

The third project discussed by NEC was for a gas-fired power station at the Stanley gas field in Western Province, also proposed by PNG EDL.

The electricity would be supplied to the Ok Tedi Mine, Kiunga and possibly to the Frieda River mine if its development goes ahead. PNG EDL is also looking at the potential to export excess power to West Papua.

They also estimate that the project has the potential to supply power through rural electrification schemes to about 50,000 people in Western Province.

There is potential for State equity in the project, and NEC has directed IPBC and Treasury to negotiate terms and to report back to NEC.

Cabinet agreed to targeted import duty exemptions for the projects. Consideration will also be given to providing GST exemptions.

Cabinet also supported a proposal to develop the Purari hydro scheme, and endorsed an electricity industry policy.

Current work on improving reliability and increased capacity in the Port Moresby system is proceeding, and a submission on this is expected.

Mekere Morauta KCMG MP
Minister for Public Enterprises