

Asia-Pacific Power Deal of the Year – **Myingyan IPP**

The Myingyan IPP is the first in Myanmar that has been tendered in a competitive market internationally and sets the template for other IPPs to follow in the country, a new frontier market. Crafting a bankable structure in a territory that did not have a comprehensive power framework is one of the toughest challenges investors can face and the sponsors and their advisers and lenders did just that.

The project is indeed groundbreaking and also sets the benchmark for future power projects. Besides being Myanmar's first international, competitively tendered power project, its 15-year US dollar facility is first "multi-lender power financing" in the country. It is the first international-standard IPP tender in Myanmar, and the financing is the first long-term project financing in the country. The US\$253m loan financing for Sembcorp Myingyan Power is PFI's Asia-Pacific power deal of the year.

As in most projects, land acquisition is a key issue. In

Myingyan IPP's case, it was one of the factors that delayed the loan signing as determining land titles was not that straightforward in the country. The government, through Electric Power Generation Enterprise (EPGE) thus took on the task of securing the project site and relevant land lease agreement.

Sembcorp Industries won the deal with the lowest bid in 2014. It has set up Sembcorp Myingyan Power Co (SMPC) as the project company for the 225MW gas-fired power plant. It raised a US\$153m loan that attracted multilateral involvement from Asian Development Bank, the International Finance Corporation, MIGA and AIIB, which is participating in its first PF loan. The commercial lenders were DBS Bank, DZ Bank, Clifford Capital and OCBC.

The law firms involved were Mayerbrown and DFDL as international and local lenders' counsel respectively, Duane Morris Selvam and A&G Myanmar to Sembcorp and Allen & Overy to the



government of Myanmar. The loan signing was held in May this year, following the signing of the 22-year power purchase agreement with Myanmar Electric Power Enterprise (MEPE), which is now called the EPGE, in March 2016; and the signing of the BOT agreement with the Ministry of Electricity and Energy (MOEE), formerly called the Ministry of Electric Power (MOEP), in January 2017. Construction, which is expected to take 24 months, has started and COD is expected in 2019.