

## **PRESS RELEASE**

*18 January 2006*

### **German envoy, energy officials lead boiler ceremonies for Mindanao Coal-Fired Power Plant**

German Ambassador to the Philippines Dr. Axel Weishaupt led national and foreign dignitaries during the Boiler Pressure Test Ceremony of the 210MW (net) Mindanao Coal-Fired Power Plant Project held at the PHIVIDEDEC Industrial Estate in Villanueva, Misamis Oriental recently.

Marking a significant milestone in the construction of Mindanao's first-ever coal-fired power plant, the ceremony is, by way of tradition, a historic event in construction of thermal power plants. It is a special celebration peculiar to coal and gas-fired boilers of power plants for passing the officially witnessed and certified hydrostatic pressure test.

During the test, the highest allowable force is applied to prove the mechanical strength of the water/steam tubes and pipes of the steam generator, in this case 270 bar or 27Mpa.

Authorized agencies for acceptance and certification of this test are the Philippines' Department of Labor and Employment (DOLE) and the *American Society of Mechanical Engineers* or ASME inasmuch as the boilers were designed, manufactured and erected in accordance with the standards set by these entities.

The boiler is the power plant's biggest component unit and generates pressurized and super heated steam to be used in the energy conversion process in the steam turbine which finally leads to electricity generation by the connected generator.

The boiler ceremony was highlighted by the hammering of the assigned eight-digit serial numbers to the data plates of the two boiler units to be led by Philippine and German government dignitaries, officials of the project company STEAG State Power Inc. or SPI and its majority shareholder, the Germany-based power company STEAG Aktiengesellschaft and local shareholder, State Investment Trust, Inc. Some 300 local and foreign guests are expected to witness the affair.

#### **Biggest Investment in the Region**

The 210MW Mindanao Coal-Fired Power Plant Project is considered as Northern Mindanao's biggest single foreign direct investment in 10 years with staggering cost of US\$305 million. Aside from providing employment to some 3,000 local workers mostly coming from host communities, the project has and will continue to improve the regional economic performance as well as boosted the region's image as one of the preferred investment destinations in Mindanao.

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*p.2 Press Release on Boiler Pressure Test...*

Meanwhile, local customs revenue collections also increased during the first 10 months of 2005 primarily due to inbound shipments of equipment installed at the power plant project. Bureau of Customs (BOC) District Collector Atty. Roberto Sacramento said actual collection from January to October 2005 amounted to about PhP2.1B, higher by PhP1.047B compared to the same period last year.

*“The unprecedented increase of about 95% in our revenue was primarily attributed to the inbound shipments of equipment for the power plant project at PHIVIDEC and the strengthening of the local currency”* Sacramento added.

### **Augmenting Mindanao’s Power Requirement**

Under the Philippine Energy Plan 2005-2014, existing power producers in Mindanao will not be able to meet the fast-growing electricity demand for the island. The 210MW (net) Mindanao Coal-Fired Power Plant project is set to meet the challenge of attaining stability in the supply of electricity in the region and avert a potential power shortage in the island.

Once fully operational by the end of 2006, the power plant will supply additional electricity to the Mindanao grid representing about 15% of the island’s total power demand.

### **Corporate Social Responsibility**

Mindful of its strong commitment to protect the environment and ensure sustainable development, SPI has established environmental protection and social development programs in coordination with local government units and other organizations.

Since construction began in December 2003, more than PhP15 million worth of social development and environmental protection programs have been implemented in the host communities of Villanueva and Tagoloan.

SPI President Andreas Rubin said the company will continue these initiatives as part of its continuing commitment to ensure environmental protection as well improve quality of lives of the people living within the vicinity of the power plant project.

*“We are not only here to provide reliable, efficient and environmentally compatible power supply to Mindanao, but also to help ensure a brighter future for the local people”* Rubin concluded.

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