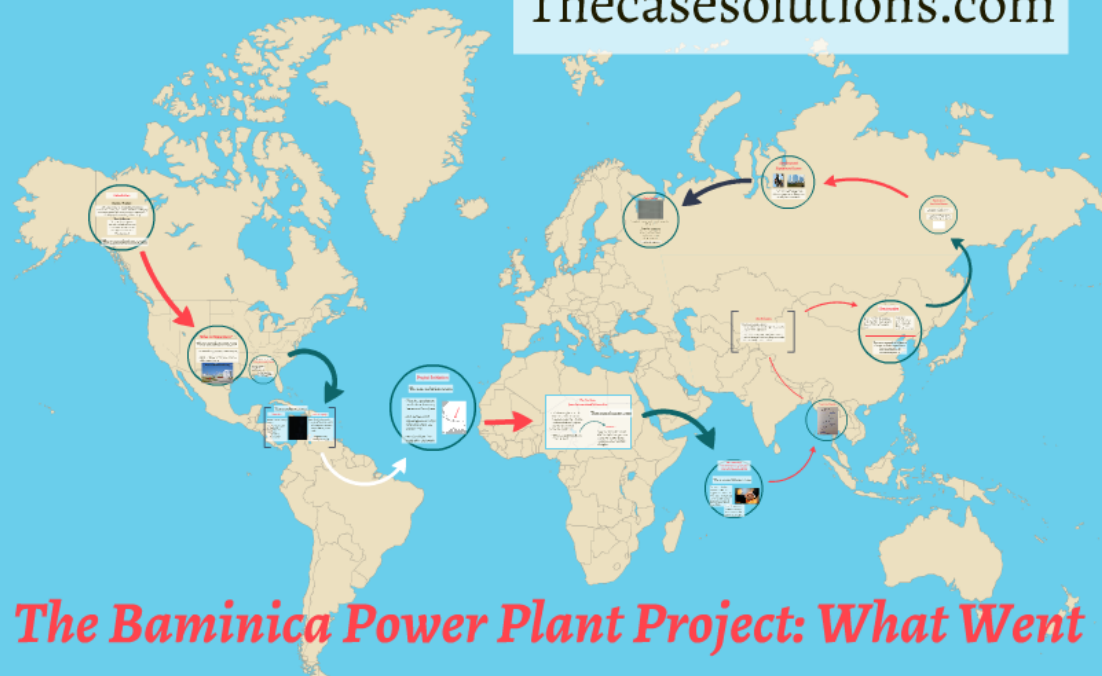
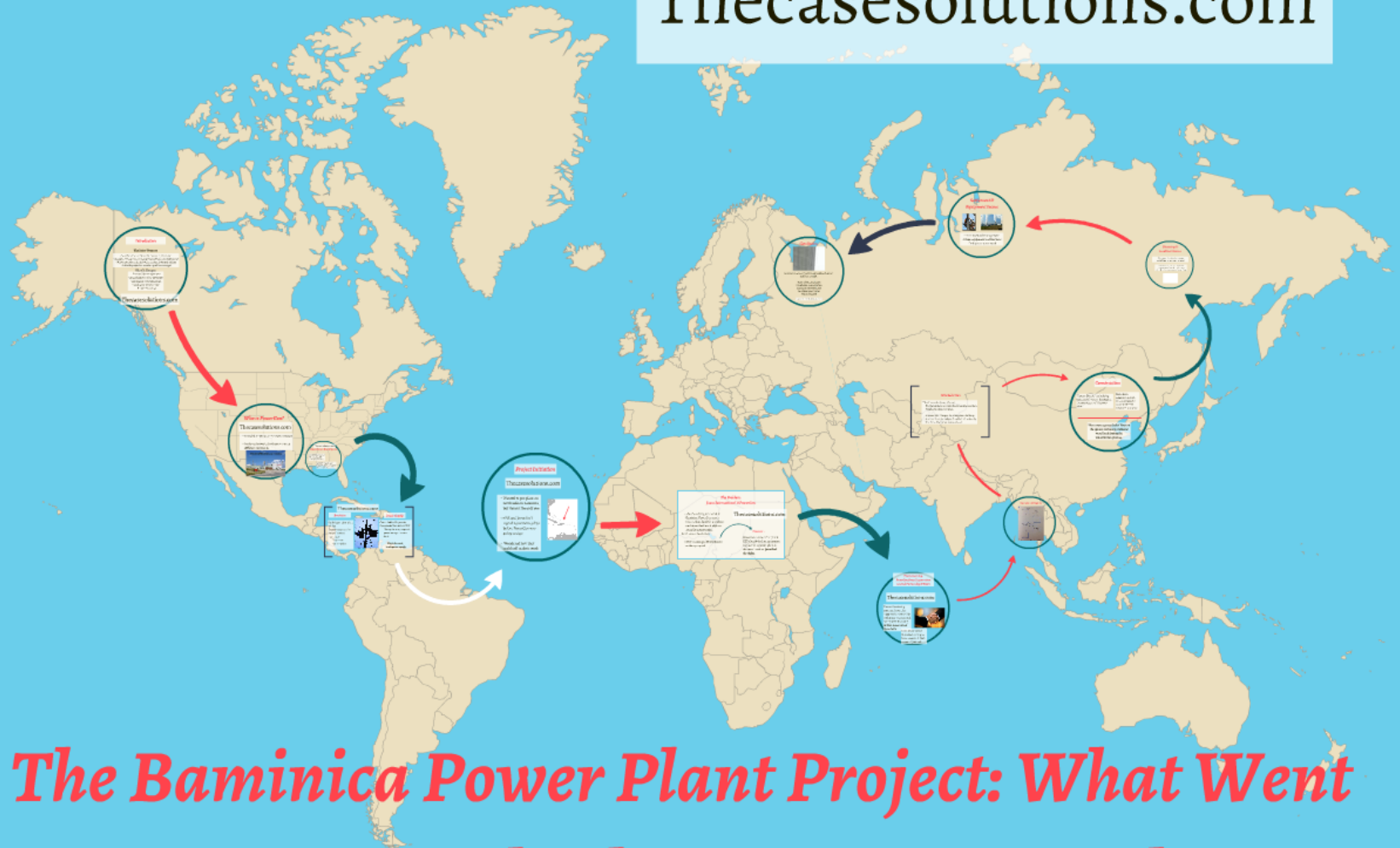


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The Baminica Power Plant Project: What Went Wrong and What Can Be Learned

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Introduction

The Joint-Venture

- PowerGen, Inc. and Jones International in Baminica
- Executive VP described project as "most difficult and challenging"
- Motivated to close the deal which resulted in hasty decisions
- Profitable project but countless problems emerged

The Challenges

- Partnership management
- Site selection and construction
- Contractor communication
- Local government issues
- Project financing

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Who is PowerGen?

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- Founded in 1987 as a US power company
- By the early 1990's, development into 5 different continents

Entered Baminica in 2003



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PowerGen's Key Players

Don Williams- Engineer with a great deal of power plant experience.

Jack Kirk- Project Leader: young & new to the company with no experience.

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Bamínica

Caribbean nation of 4.5 million

Experienced massive growth between 2002-2007

Exports & Construction



Power Supply

Controlled by *Corporación Bamínica de Electricidad (CBE)*

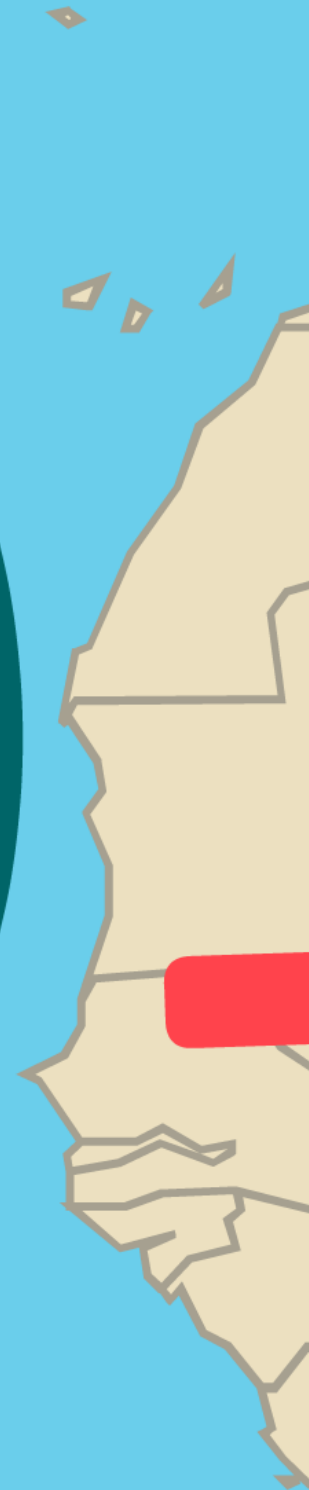
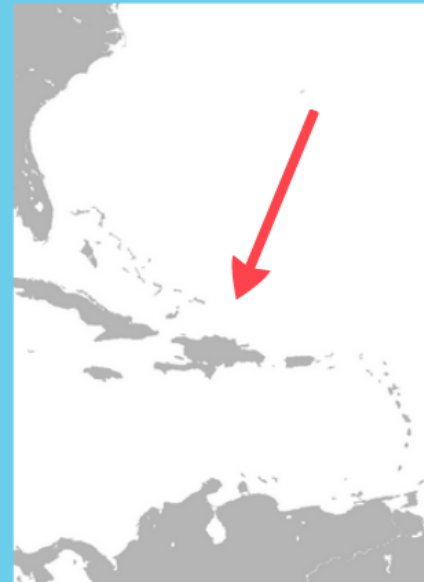
Old equipment, frequent power outages, power theft

High demand, inadequate supply

Project Initiation

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- Wanted to put plant on north side on Baminica, but weren't the only one
- CBE and Jones Int'l signed agreement 3 days before PowerGen was going to sign
- Wondered how they could still make it work



The Problem:
Jones International & PowerGen

- After becoming interested in Baminica, PowerGen sent a team to the island for a week to understand culture & explore areas for construction.

Best Location: North Coast

- CBE encouraged PowerGen to make a proposal.

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However...

PowerGen learned that JI and CBE already had an agreement in place for a power plant in the same location. **Jones had the rights.**

*The Partnership:
PowerGen/Jones Cogeneration
Limited Partnership (PJCLP)*

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Due to the existing contract, PowerGen suggested a partnership with Jones International to help with financing. **At first, Jones turned them down.**



Later, JI contacted PowerGen asking to form a contract. Both assumed 50% each.