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NEWS RELEASE

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JPS Old Harbour (190 MW) Repower and Gas Terminal Project Approved by Jamaican Government

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KINGSTON, JAMAICA: Energy Company, Jamaica Public Service Company Limited (JPS), this week received formal approval from the Jamaican Government for its proposal to proceed with the construction of a 190MW plant to replace the company's existing units at the Old Harbour power station, located on the southern coast of Jamaica.

JPS is pursuing fuel diversification of its power generation fleet (new and existing), consistent with the Jamaica National Energy Policy, to reduce dependence on liquid fuels such as Diesel and HFO#6, in favour of lower cost Natural Gas. A market study undertaken by JPS in 2014 indicated that Liquefied Natural Gas (LNG) and Natural Gas Liquids (NGL's) such as propane and ethane, are viable options for power generation and can realise significant reduction in the cost of electricity.

JPS has subsequently defined a gas-powered generation project through collaboration with the Electricity Sector Enterprise Team (ESET) established by the Jamaican Government. The project has now received formal approval by the Government and has been awarded to JPS.

The Project is to be located at the existing Old Harbour site and is nominally rated at 190 MW under site conditions (197 MW – new and clean). JPS also seeks to convert the existing Bogue combined cycle project in Western Jamaica to gas fuel as expeditiously as possible. The primary objectives of the projects are to reduce costs, reduce electricity price volatility through establishing fuel diversity, and to provide flexible generation (fast start and ramp), allowing the integration of intermittent resources to further enable the Government's Energy Policy to provide up to 20% of Jamaica's energy from renewable generation projects.

The combined fuel consumption of both projects is about 400K-tonnes/annum. The main receiving terminal will be located at the Old Harbour project. The Front End Engineering Design (FEED) study has been initiated and is underway; JPS has initially determined that an onshore terminal is cost effective, compared to the larger capacity and productivity of larger FSRU-type terminals. Construction should begin on the Old Harbour Terminal and Power Plant before the end of the year, and commercial operation is expected by the end of 2017.

An Independent Engineer has been retained for the Bogue conversion. JPS will present its recommendation to proceed with the project to the Jamaican Regulator, the Office of Utilities Regulation (OUR), at the end of February 2015. Pending regulatory approval for the costs of the gas conversion, the Bogue project is expected to enter construction in Q2 of 2015 and would begin use of gas fuel in Q1 of 2016 (possibly sooner).

A unique aspect of the Bogue project is the construction of a receiving and storage infrastructure that provides sufficient diversity to accept different fuels in the short term (3-5 years) and ultimately receive delivery from the Old Harbour terminal. JPS has employed various market intelligence services, which suggest that LNG is expected to provide the most stable cost to the Jamaican economy. However, Natural Gas Liquids present a short term opportunity, particularly Ethane or LPG. JPS is considering floating storage, fixed tank or mobile tank systems as well as a combination of each storage option which could accept these different fuels or switch fuels cost effectively.

Jamaica Public Service Company Limited (JPS) is an integrated electric utility company and the sole distributor of electricity in Jamaica. The Company is engaged in the generation, transmission and distribution of electricity, and also purchases power from a number of Independent Power Producers. JPS currently serves over 603,000 customers through a workforce of 1,700 employees. The Company owns and operates 4 power stations, 9 renewable plants, 43 substations and approximately 14,000 kilometres of transmission and distribution lines.
