

ITP to finance Nicaragua wind farm, previous permit usurped (16 Mar 2010)

Industria Tecnologica Panamena hopes to assemble financing for its Nicaragua San Martin wind farm after Venezuelan-Nicaraguan oil company Albanisa appropriated a similar-sized project the firm had planned nearby.

San Martin is located across the road from the La Fe wind project, a 40MW venture ITP was planning to develop before Albanisa bought the land. "In January last year, Albanisa effectively nationalised the project and with it the permits and over two years worth of wind measurement studies," ITP CEO Maxo Benalal explained.

According to Benalal, one of the main shareholders of ITP's local joint venture partner, Blue Power & Energy, signed an agreement with a local bank to acquire the land after the former owner failed to pay the mortgage on it.

Under a turn-key contract, Panama-based ITP was to deliver the parts, erect the turbines, manage the project for 15 years and also take a stake in it. All of the electricity was to be sold under a long-term power purchase agreement to Spanish firm Union Fenosa's local subsidiary Dissur-Disnorte for USD 89/MWh.

In a further twist, since buying the land Albanisa has abandoned its plans to develop the La Fe project for lack of financing.

"This whole Nicaragua affair has been a nightmare. The entire hiatus has forced us to reshuffle our priorities and focus on our remaining 434MW pipeline in Panama and the Dominican Republic," Benalal said.

The lost wind project is not the only trouble facing ITP. The company is also undertaking a court case against a French listed firm that promised to acquire it last year but never followed through on the pledge. "We restructured ourselves to allow for the acquisition, which was scheduled to take place in June. After six months of tarrying we decided to take the firm to court in France," Benalal said. ITP is currently seeking USD 30m in liquidation damages. Benalal declined to name the French company. Bloomberg New Energy Finance was unable to find any French or Nicaraguan public documents that would identify the firm.

ITP is developing wind projects Veraguas 1,2 and 3 (234MW) and Boquete (100MW) in Panama. Grid impact and environmental studies on the wind farms are due to be ready in March. Some 91MW worth of blades, turbines and generators has been reserved for the projects for the first quarter of next year. Commissioning is expected to take place in July-August 2011. The firm is also in talks with a local partner to build a 100MW project in the Dominican Republic that has already been permitted. Currently Nicaragua has one 40MW wind farm online in Amayo.

Albanisa, or Alba de Nicaragua, is a joint venture between Nicaragua's and Venezuela's respective state oil companies, Petronic and PDVSA. It was created in 2007 to sell and distribute Venezuelan oil in Nicaragua, and to build a refinery there. The company was not immediately available to comment on the La Fe wind project.

Source: Interview with Bloomberg New Energy Finance