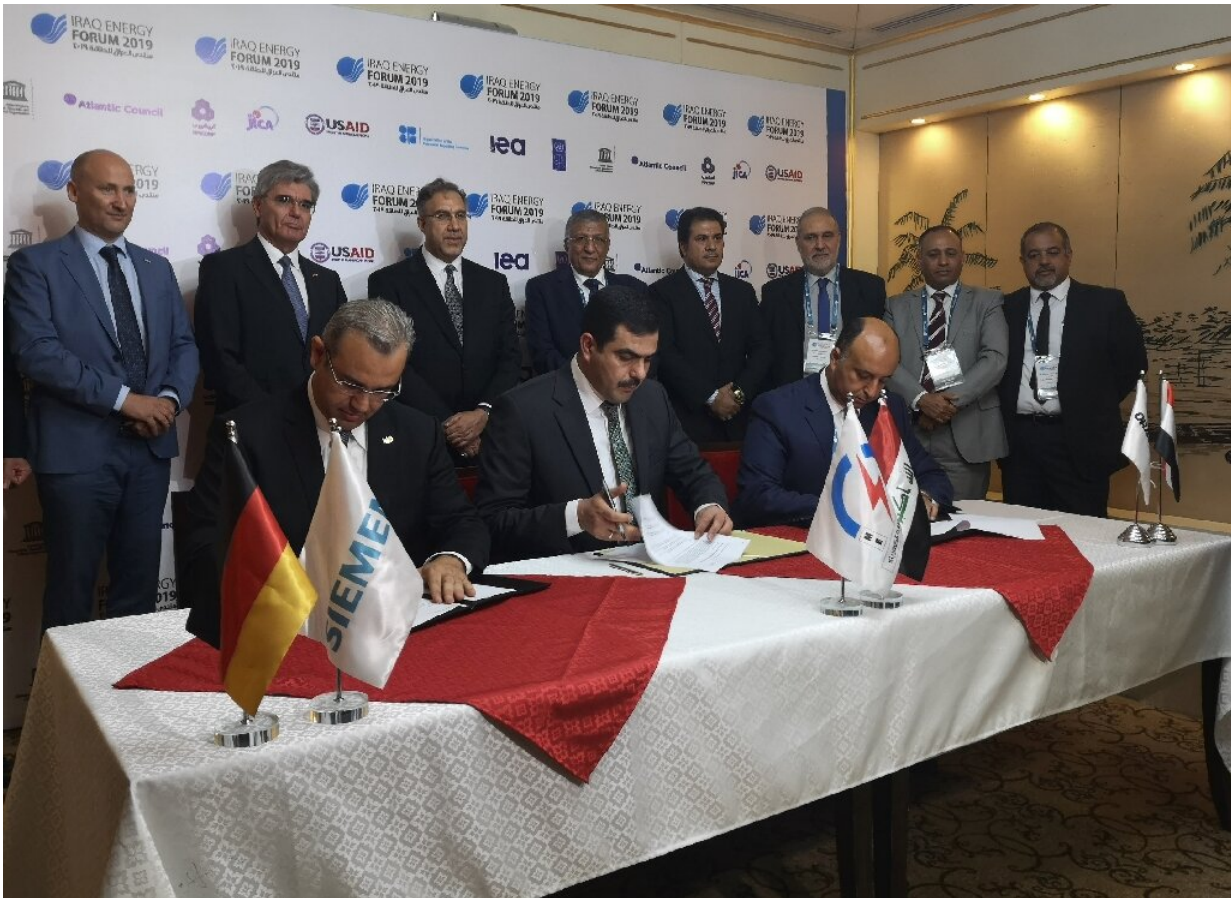


Siemens, Orascom to rebuild vast Iraq power plant

September 15 2019



The deal signed Saturday aims to pump 1.7 gigawatts into Iraq's struggling energy grid

Iraq on Saturday signed a \$1.3 billion deal with German industrial

conglomerate Siemens and Egypt's Orascom Construction to rebuild a major power plant complex in the ravaged city of Baiji, north of Baghdad.

The new deal is part of a broader energy road map that Iraq signed with Siemens earlier this year in a bid to pump 11 gigawatts into Iraq's crippled power sector.

The country currently generates around 15 GW, far short of estimated demand of about 24 GW.

The Baiji 1 and 2 [plants](#), as well as a massive oil refinery nearby, were destroyed in the three-year fight against the Islamic State group after it swept across a third of Iraq in 2014.

Many of Baiji's neighbourhoods remain gutted, surrounding fields are littered with unexploded ordnance and the area is controlled by a complex web of paramilitary groups.

On Saturday, Iraqi electricity minister Luay al-Khateeb signed the deal in Baghdad with Siemens CEO Joe Kaeser and Orascom chief Osama Bishai.

"This agreement worth \$1.3 billion will add up to 1.7 GW to the grid," Khateeb told reporters.

Siemens said the plant renovation would take about 28 months, starting once the Iraqi cabinet approves the contracts and a financing agreement is reached.

Iraq's grid has been ravaged by decades of conflict and poor maintenance, causing chronic [power](#) cuts across the country.

Iraq tops up its grid with electricity imported from neighbouring Iran, as well as using Iranian natural gas to feed its [power plants](#).

The US has granted Iraq a series of waivers from sanctions against Iran, allowing it to keep up its imports—providing it works to wean itself off them.

US officials have urged Iraq to partner with American companies, including General Electric, to gain energy independence.

Industry sources have criticised the move as putting unfair pressure on Baghdad to favour US firms.

Kaeser on Saturday hinted that such pressure had eased and a "level playing field" had been achieved.

"Time will tell, but otherwise somebody else would have been here signing today," he said.

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