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## Five eye stake in Libaran power plant

Wendy Lim

NEWLY-formed independent power producer, Stratavest Sdn Bhd, which will launch today its RM240 million 60MW Libaran Power Station in Sandakan, has already attracted the attention of more than five parties keen to take up an equity stake in the company.

Interested parties, executive chairman Datuk Abdul Rahim Mohamad said, include public-listed companies and two foreign companies, one of which is operating in the country.

Stratavest - which has a paid-up capital of RM46 million - is carefully considering its options.

"The company is currently 100 per cent-owned by Serve Vest. I may consider selling a minority stake (of less than 40 per cent) in the company. The potential partner must have synergy with our business operations," he told Business Times in Kuala Lumpur.

The RM240 million project, located in the Seguntor Industrial Area near the Seguntor Integrated Timber Complex, about 17km from Sandakan, will be opened by Prime Minister Datuk Seri Dr Mahathir Mohamad today.

The project is 80 per cent financed by bank borrowings and 20 per cent through equity financing. Stratavest had taken a RM184 million worth of guaranteed commercial papers and medium-term notes with a consortium of banks to finance the project.

About 85 per cent of the loan were for the design, construction and operations of the power plant.

"If we were to sell our equity, it is to reduce the company's debt. We are currently paying close to RM1 million to service the debt," he said, adding that the selling price will have to be at a very attractive premium.

Rahim, who currently owns more than 70 per cent in Stratavest, said a sell-out is not likely to happen soon as the power station had just began its commercial operations and is still "testing its revenue flow."

The company and Lembaga Letrik Sabah (now known as Sabah Electricity Sdn Bhd) had signed a power purchase agreement that grants Stratavest the concession period of 21 years to generate and sell electricity at 16.1 sen per kw hour.

Rahim claims the rate is the cheapest among the electricity producers in Sabah despite using the costlier low-speed diesel engine.

"We believe in a win-win situation. We believe that we are able to carry out the project and get reasonable returns through efficiency and effectiveness," the former merchant banker said.

Stratavest was awarded the contract by the Economic Planning Unit in the Prime Minister's Department to develop the project on a build-own-operate basis in September 1995 while the licence was obtained from the Electricity and Gas Supply Department on October 1 1996.

The low-speed diesel engine - using medium fuel oil - was the choice for the Libaran power station to ensure maximum plant performance with minimum environment impact.

The efficient engines were able to provide high reliability with minimum fuel consumption. A special treatment plant built next to the fuel tank storage also ensures that fuel oil residuals do not contaminate the environment.

The Libaran plant, Rahim said, will be made more beautiful once the landscaping, which will be surrounded by an orchard, is completed.

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