

TNB signs deal to buy cheap power

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Powertek unit to sell power at 11.73 sen per KW

By Michelle Liew:

KUALA LUMPUR: Tenaga Nasional Bhd (TNB) yesterday signed a 21-year power purchase agreement (PPA) with Panglima Power Sdn Bhd, a subsidiary of Powertek Bhd, to buy power at an average of 11.73 sen per kilowatt hour, its lowest rate ever.

The PPA is for Powertek's 720MW combined cycle gas turbine power plant (CCGT), costing about RM1.8 billion, which is currently under construction in Teluk Gong, Malacca.

The plant is located next to Powertek's existing open cycle gas turbine (OCGT) in Teluk Gong and will be owned and operated by Panglima Power.

Phase one of the plant is expected to be commissioned in February next year and the second phase, involving the conversion of the OCGT plant to CCGT, is due to come onstream by March, 2003.

The agreement was sealed at the launch of the two-day Malaysian Electric Power 2001 Forum organised by the Asian Strategy and Leadership Institute yesterday.

The ceremony, which was officiated by Prime Minister Datuk Seri Dr

Mahathir Mohamad, also saw TNB signing heads of agreements with two IPPs, namely SKS Ventures Sdn Bhd and Jimah Power Generation Sdn Bhd.

At a press briefing last Friday, TNB's CEO Datuk Fuad Jaafar said, the agreements will pave the way for the respective parties to start pricing negotiations for the new PPAs.

Fuad said TNB expects to finalise the terms of its PPAs with the two IPPs within the next six months.

"The heads of agreements outline the basis and framework of the negotiations on the PPAs and TNB's commitment to speed up the construction

of the two-coal fired plants," he said.

Both Jimah Power, a 2x700MW plant in Negeri Sembilan, and SKS Ventures, a 3x700MW plant in Pulau Bunting, Kedah, will be built in stages to stagger their commissioning dates.

The first units of Jimah Power and SKS Ventures are scheduled to come onstream in 2006 while the subsequent units will be commissioned a year later.

He said the staggered commissioning is to avoid an excess capacity situation because by 2005, the country's total installed capacity will rise to 17,000MW from the present 13,000 MW with the

coming onstream of three power plants with a combined capacity of some 4,000MW.

He said TNB will be interested to take up the offer of a 20% stake in Jimah Power provided the price is right.

Jimah Power Holdings Sdn Bhd holds a 51% stake in the company while the rest is held by YTL Power International Bhd.

At yesterday's ceremony, TNB also sealed a MoU with Tokyo Electric Power Company (Tepco) to undertake a feasibility study on the use of gas turbine supplied by Tepco to produce power.

He said the study should be completed within a year and TNB may consider setting up an IPP using the gas turbines if the result of the study is favourable.

TNB and Tepco have also agreed to conduct a study on the viability of developing a hydropower dam in Ulu Jelai in Northwest Pahang, which is expected to be completed within three years.

In a separate announcement, TNB said it has accepted Powertek's offer to settle the balance of the purchase consideration for its acquisition of Pahlawan Power plant for RM444 million in cash in lieu of subscribing for a 27.5% stake in Powertek at RM5 per share.