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Better rates for TNB from Panglima

Zuraimi Abdullah

WITH the recent deal with Malakoff Bhd being the benchmark for its future power purchase agreements from gas-fired projects, Tenaga Nasional Bhd has got a much better rate from Panglima Power Sdn Bhd.

TNB will pay 11.73 sen per unit to Powertek Bhd's wholly-owned subsidiary Panglima Power for electricity generated from its gas-powered 720MW plant in Teluk Gong, Malacca.

This is a lot cheaper than the 12.14 sen per kilowatt/hour TNB is paying to Malakoff from its 640MW plant in Kapar, Selangor.

The Panglima Power deal was signed yesterday in the presence of Prime Minister Datuk Seri Dr Mahathir Mohamad.

Panglima Power is one of three fast track independent power producers (the others are GB3 Sdn Bhd and Sepang Power Sdn Bhd) approved for development by the Government last July.

The combined-cycle 720MW power plant, due for commercial operations in early 2002, is located next to Panglima Power's existing open cycle gas turbine plant in Teluk Gong. The pacts with Malakoff and Panglima Power would translate into substantial savings for TNB as PPA expenses make up about 60 per cent of the national utility's total operating costs.

And TNB stands to enjoy more savings as it is expecting equally favourable power purchase rates from two IPPs of coal-fired power plants. TNB yesterday signed agreements with Jimah Power Sdn Bhd and SKS Ventures Sdn Bhd, paving the way for detailed talks for PPAs.

TNB is in the process of developing its own coal-fired power plant through TNB Janamanjung Sdn Bhd, estimated to cost around RM7 billion for three units with a combined capacity of 2,400MW.

"TNB Janamanjung will be used as a benchmark in terms of commercial and technical aspects including power purchase rate for the IPP coal-fired power plants," said TNB president and chief executive officer Datuk Fuad Jaafar.

The Janamanjung plant is due to be operational next year.

The president and CEO said he expected PPA negotiations with Jimah Power and SKS Ventures to be completed within four to six months. Jimah Power's coal-fired power plant in Negri Sembilan will have a final capacity of 2x700MW while SKS Ventures' plant in Pulau Bunting, Kedah will have a capacity of 3x700MW.

Both plants will be built in stages with the first units of the plants scheduled to come onstream in year 2006, while subsequent units will be commissioned a year later.

"These coal-fired power plants are in line with TNB's efforts to shift from the current reliance on gas," Fuad said.

TNB has been offered a 20 per cent stake in Jimah Power, whose 1,400MW plants are estimated to cost about RM4 billion, and Fuad said the group would accept the offer if the price is right.

"It is up to Jimah Power Holdings Sdn Bhd and YTL Power International Bhd on whether they want to give to us 10 per cent each from their stake. And we will take the offer if the price is right."

Jimah Holdings holds 51 per cent of Jimah Power while YTL Power, the remaining 49 per cent.

TNB yesterday also signed a Memorandum of Understanding with Tokyo Electric Power Company (Tepco), one of the world's largest utilities, to undertake a feasibility study on the development of hydro-pumped storage

in Pahang.

The MoU also entailed a possible joint-venture on the development of a 95MW gas turbine in Pasir Gudang, Johor.

Fuad said that the hydro-pumped storage would consist of two reservoirs, one at the top of the pump and the other at the bottom.