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SKS, Tenaga to sign MOU on new location for plant

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SKS VENTURES Sdn Bhd is expected to sign a memorandum of understanding (MOU) with Tenaga Nasional Bhd next week and formalise the relocation of the private company's power project to Tanjung Bin in Johor from Pulau Bunting, Kedah.

Sources say the agreement will outline the time needed for both parties to negotiate a power contract and the commissioning dates of the yet-to-be-built 2,100 megawatt power plant.

Prime Minister Datuk Seri Dr Mahathir Mohamad is expected to witness the MOU signing.

It is believed that the MOU will sketch a timeframe where the SKS Ventures plant will start producing power from its first 700 MW unit in 2006.

The remaining two-thirds of the plant's capacity will come online on a staggered basis.

The coal-fired plant was supposed to be built in Kedah but it is understood that SKS Ventures applied for a change of location due to the high cost of construction in Pulau Bunting.

The project also involves reclaiming land off the Kedah coast and the total cost amounts to some RM7 billion, according to earlier reports.

It is not immediately clear how much it will cost SKS Ventures to build the plant at the new location which is close to Tanjung Pelepas Port.

Tenaga has also decided to relocate its Pasir Gudang station to Pulau Bunting, by developing a new gas-fired plant with an initial capacity of 220 MW.

The new plant will "support system requirements for the northern region", Tenaga president Pian Sukro said last week.

Tenaga recently announced a new planting up programme endorsed by the Government where three large power stations, including SKS Ventures', will only start operations after a delay of up to two years.

Tenaga's new plan takes into account a possible spike in spare power capacity if new generation capacity is developed according to its original schedule.

By delaying the start-up dates of large new plants, the national utility is hoping to keep spare capacity, or reserve margins, below 36 per cent in the next four years.

Apart from the large coal plant, SKS Ventures also has a licence to build a 350 MW gas-powered power station in Seberang Prai, Penang. It is one of Malaysia's youngest independent power producers and is owned by Ismail Khan Lall Khan, Mohamad Shaker Ismail, Abdul Rashid Feroze Din and Ahmad Zaki Hawari, according to filings with the Registrar of Companies.

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