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K. Logistik may join bid for Napocor's power assets

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KONSORTIUM Logistik Bhd may join a consortium led by Tenaga Nasional Bhd to bid for Philippines-based National Power Corp's (Napocor) power transmission and generation assets, a source close to the industry said.

The premier logistics solutions provider was said to have been eyeing the contract since early this year.

In February, Konsortium Logistik executive chairman and president Mirzan Mahathir, accompanied by senior management officials from Tenaga, was reported to have visited the country and met officials from Napocor and the Philippines' National Transmission Co (Transco) president Asisclo Gonzaga.

Transco is the company that holds Napocor's power transmission assets.

During the meeting, Tenaga and Konsortium Logistik were said to have expressed their keen interest to bid for the power transmission and generation assets of the debt-laden Napocor.

A source said that Tenaga and Konsortium Logistik had reached some form of agreement on the possible joint bid.

Mirzan was not immediately available for comment, but a senior official from Tenaga confirmed the February visit to the Philippines with Konsortium Logistik.

"It is always our policy to form a Malaysian incorporated consortium to bid for overseas projects," the official told Business Times.

Sources said that Tenaga's board of directors had yet to make any "firm" decision on the possible bidding for Napocor's power transmission and generation assets.

Though Konsortium Logistik's possible venture in the energy business will come as a surprise to investors, it is actually timely for the company to seek new investment, a source said.

This is because the logistic solutions provider needs fresh investment to cushion the slowdown in the haulage business due to the increasing number of players in the industry.

The company was reported to have lost 20 per cent of its logistics business after the Government licensed 50 new hauliers to further improve services in the sector late last year.

The possible new venture, however, does not mean that the company is shifting its main activities to energy as it will still maintain its traditional business.

In fact, the company had in November of last year finalised negotiations with Diperdana Holdings Bhd for the disposal of all the latter's logistics businesses for RM100 million.

Meanwhile, a foreign report quoted Gonzaga as saying that the chairman of two Malaysian firms had approached him with the intention of joining the bidding.

Gonzaga also said that both Konsortium Logistik and Tenaga were in the Philippines to look for local partners because the country's laws allow for only 40 per cent foreign ownership of Napocor's assets.

The Philippines is scheduled to privatize the power transmission and generation assets of Napocor for bidding this year to raise US\$2 billion (US\$1= RM3.80) to settle the state utility's debts as well as to attract new investments into the country.

Napocor plans to begin selling the generation assets in the second half of this year. It was earlier reported to have received 10 proposals from

Asean and European firms to buy the company's power transmission assets.

Companies said to have submitted the proposal include Britain's National Grid, Electricite de France, and Electric Development Corp of Japan and Kyushu Corp.

Napocor's transmission assets are estimated to be worth between US\$2.4 billion and US\$2.5 billion, while its generating assets are expected to fetch about US\$5 billion.

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