

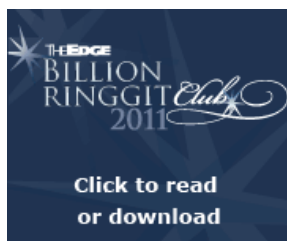
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New generation of IPPs to draw familiar names

Written by Nadia S Hassan

Friday, 30 December 2011 11:05



KUALA LUMPUR: The Energy Commission's notice for the pre-qualification of prospective bidders for the development of a combined cycle gas turbine (CCGT) power plant in Peninsular Malaysia, representing the start of the fourth generation independent power producers (IPPs), is expected to attract bids from familiar names along with some new players.

In a statement on its website, the commission is inviting applicants with previous experience in implementing power projects to submit their expressions of interest by Jan 12. The commission will then conduct a pre-qualification process, in accordance with the criteria in the request for proposal document, which will be sent out later.

In line with government policy, foreign participation in a consortium is capped at 49%.

Analysts are expecting all the country's current crop of IPPs to bid for these upcoming projects along with some of the smaller players.

"The first generation IPPs would undoubtedly participate in these projects. They currently have the option to re-use their existing equipment for these new plants, as long as it has been refurbished or after they have invested some additional capital expenditure," said OSK Research head Chris Eng.

Hence, it is likely that the list of bidders for the new CCGT plant will include the usual suspects — YTL Power International Bhd, Malakoff Bhd and Tanjong plc. The only exceptions might be Genting Bhd and Sime Darby Bhd according to analysts. It has been reported previously that Genting was mulling over the disposal of its power operations.

Alongside the big boys, Eng said it is likely that smaller players might take their chances in bidding for the project. This might include the likes of Jaks Resources Bhd, which is in the business of pipes and has clinched a RM5.96 billion power plant project in Vietnam. Other possible names include Toyo Ink Group Bhd, which also has a power plant project in Vietnam, and Leader Universal Holdings Bhd, which was involved in a plant in Cambodia.

"However, you might not see Mudajaya [Group Bhd] take part as the company is still sorting out issues with its IPP in India," said Eng.

Association of Water and Energy Research Malaysia president S Piarapakaran was quoted as saying that opening up the bidding to foreign parties would help increase the number of players which could invest in more efficient technology. Piarapakaran also urged the Energy Commission to blacklist first generation IPPS that did not renegotiate their power purchase agreements from this bid.

The Edge weekly has earlier reported that the government will call for tenders for eight gas-fired power plants, where the players would possibly pay market rates for the fuel.

According to the Energy Commission's 2010 annual report, listed under electricity supply plan for West Malaysia are five CCGTs due to come onstream between 2017 and 2019. Each of the plants has a generation capacity of 750MW.

The only other new plant mentioned in the commission's annual report is a 1,000MW capacity coal-fired plant that is scheduled to be commissioned by 2020, as well as Tenaga Nasional Bhd's two hydropower plants in Hulu Terengganu and Ulu Jelai, due to come online in 2015 and 2016 respectively. TNB's additional 1,000MW from its Janamanjung coal-fired plant is targeted to start contributing from 2015 onwards, while Malakoff's Tanjung Bin 1,000MW extension will come onstream by 2016.

It has been previously stressed by a number of players that the country could face a power crunch if the planning doesn't

start now. The Energy Commission estimates that based on November 2010's electricity demand, the country will require an additional 7,372MW between 2015 and 2020, with another 15,724MW needed from 2021 to 2030.

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