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## Choosing CEIG over Tenaga

Maharani Energy Gateway Sdn Bhd (MEG), the vehicle spearheading an initiative to create a carbon-neutral hub off the coast of Muar, Johor, has announced a US\$2 billion (RM9.45 billion) commitment from a company based in China.

The company concerned, China Energy International Group Sdn Bhd (CEIG), signed an agreement with the top brass of MEG, committing to invest in the construction of a combined cycle gas turbine (CCGT) power plant with a capacity of 1,400MW and a green hydrogen and green ammonia plant.

The primary purpose of the CCGT plant is to supply electricity to the industries in MEG Free Trade Zone. But the promoters (CEIG) are also seeking an offtake agreement with Tenaga Nasional Bhd and a gas supply deal with Petroliam Nasional Bhd (Petronas).

Were Petronas and Tenaga consulted before MEG entered into an agreement with CEIG?

For a power plant to be financially viable, it needs an offtaker and a secure supply of feedstock to fire the turbines. Without the two components, the power plant cannot take off.

On the face of it, the US\$2 billion commitment from CEIG is huge for MEG, which has yet to attract big names to its oil and gas hub. But the proposed investment is only a commitment. It becomes a reality when the deal with Tenaga and Petronas is signed.

Power generation is generally a regulated industry. The rollout of new power plants is

planned by agencies such as the Energy Commission to meet demand over three to five years. This is to ensure that there is no excess capacity of power plants, which can be costly for Tenaga.

It is unclear if the 1,400MW MEG power plant was part of the nationwide planning. But what's perplexing is that save for being a potential offtaker, Tenaga is not involved in the project.

Tenaga has more power plants than any other operator in the country. It has a monopoly in the transmission and distribution network. In fact, Tenaga occasionally steps in when power plant projects fail to get their financial close.

If MEG needed the power to energise the development of the energy hub, why did it not get Tenaga involved? Why does it need a party from China?