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### Permaju opts for solar

THERE used to be a distinct difference between renewable energy (RE) and electricity generated by the conventional gas and coal power plants. RE such as solar gets much better rates from Tenaga Nasional Bhd compared to electricity generated by the conventional power plants.

However, of late, the rates for electricity generated by large-scale solar (LSS) power plants are lower compared to the conventional power plants.

The average rate from the 113 bidders vying for 500MW of LSS plants up for grabs was about 25 sen per unit, with the lowest coming in at 17.7 sen per unit. The large number of companies bidding to put up LSS plants even though the rates are lower suggest that the business is lucrative.

However, is this really the case?

The jury is still out if LSS plants at low rates of about 25 sen per unit would be profitable. The risk to run the solar plant over a 21-year period is high and the industry is new in Malaysia and does not have a long enough track record to prove otherwise.

That is the reason why banks are only willing to provide financing of up to 70% for LSS power plants, compared to 95% for conventional coal and gas power plants.

Amidst such an environment for solar energy, Permaju Industries Bhd is planning to put up an LSS plant to generate 90MW on a piece of land in the district of Seremban, Negri Sembilan.

Based on industry estimates, a 90MW plant would require about 350 acres. There are other costs involved as well. Also, operating and maintaining a solar power plant is not easy. With a low or almost no land cost, the plant may be profitable at low rates.

However, this means tying up the land for 21 years without considering any development potential. Is there such a piece of land in the district of Seremban that is so



far from the population centre that it has no development potential for the next 20 years?