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KAB proposes to acquire first biogas power plant for RM15 million

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KUALA LUMPUR: Engineering and energy solutions provider Kejuruteraan Asastera Bhd (KAB) is growing its Sustainable Energy Solutions (SES) segment with its first biogas power plant, through the proposed acquisition of the entire equity of Future Biomass Gasification Sdn Bhd (FBG) for RM15 million.

FBG, a wholly owned subsidiary of Future NRG Sdn Bhd (FNSB), owns a biogas power plant in Kedah with an installed capacity of 2.4 megawatt.

KAB will benefit from long term recurring income via FBG's existing Renewable Energy Power Purchase Agreement (REPPA) with Tenaga Nasional Bhd (TNB). The REPPA is effective for a period of 16 years from March 2018 until March 2034, which enables FBG to supply power to the national grid.

In a press statement KAB managing director Datuk Lai Keng Onn said: "The addition of our first biogas power plant via the proposed acquisition of FBG, will broaden our portfolio of SES assets which currently comprises co-generation and waste-heat-recovery plants, as well as solar photovoltaic systems.

"The biogas industry has great untapped potential in Malaysia, given the vast availability of palm oil effluent as fuel, and we aim to help Malaysia and other countries in the region achieve their renewable energy goals. The plant would also contribute to building a stable stream of long-term income for the group."

FBG's biogas power plant captures the release of greenhouse gases from palm oil effluents, and converts the gas into electricity using highly efficient biogas engine generators. The electricity is supplied to nearby town and villages under the Feed-In Tariff programme.

KAB Energy, the group's wholly owned subsidiary, is expected to complete the acquisition of the entire equity of FBG from FNSB in the first quarter of 2023. The purchase consideration of RM15 million will be funded by a combination of bank borrowings and internally generated funds.

KAB's fast growing SES segment currently encompasses solar power, co-generation and waste-heat-recovery assets in Malaysia and Thailand.