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# Edra starts work on power plant

## 1MDB unit calls for parties to submit proposals for EPC job

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**PETALING JAYA:** Edra Global Energy Bhd, the power generation arm of 1Malaysia Development Bhd (1MDB) that is up for sale, has invited parties to build a new power plant to be located in Alor Gajah, Malacca.

In an advertisement posted in a daily yesterday, Edra – which is wholly owned by 1MDB – stated that it was inviting “prospective applicants to express their interest in participating in a tender exercise for the design, engineering, procurement, construction and commissioning (EPC) of a 1,800MW to 2,400MW combined-cycle gas turbine

(CCGT) power plant in Malaysia for Edra and/or its nominee”.

As part of its restructuring to reduce its debts of almost RM42bil, 1MDB plans to sell Edra and several local and foreign buyers have expressed interest. Among them is

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## 1MDB gets Project 4B on direct negotiation

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Tenaga Nasional Bhd (TNB).

In late August last year, the Energy Commission (EC) had awarded 1MDB the so-called “Project 4B”, which encompasses the construction of a 2,400MW CCGT power plant. It was awarded on a direct negotiation basis as opposed to an open tender. The award was unprecedented in the local industry, as it came seven years ahead of its commissioning, slated for 2021.

However, industry officials reckon that the delivery date for the new plant may be brought forward if power demand in the country improves.

Experts note that once the EPC for Project 4B is finalised, Edra can then proceed to negotiate the tariff rate at which this plant will sell its power into the national grid.

The calling for parties to participate in the EPC of the power plant is also in line with the conditions set by the EC where the EPC contract was to be done on an open tender basis to ensure a competitive levelised tariff.

The benchmark levelised tariff for the last gas-fired power plant was 34.7 sen per kW-hour won by TNB for the 1,000MW Prai power plant.

Edra in yesterday’s advertisement said the power plant project would utilise advanced gas-turbine technology to realise the highest thermal efficiency consistent with the expectation of the power industry.

Interested applicants have no later than noon of September 28 to submit their interest.

Among the information Edra is seeking from interested parties is that they have completed two CCGT power plants with net capacity of not less than 1000MW each where the party had acted as the EPC contractor or was a member of an EPC consortium.

The Energy, Green Technology and Water Ministry was reported as saying that 1MDB was awarded the project because of its track record and to maintain a reserve electricity margin of 25.8% level for that year.

The group, through unit Powertek Energy Sdn Bhd, currently has three power stations in Malacca – the Powertek plant (440MW gas-

fired open-cycle), Panglima plant (720MW gas-fired combined-cycle) and Pahlawan plant (330-MW gas-fired combined-cycle).

The three power plants have a combined capacity of 1,490 MW.

However, the power purchase agreement (PPA) for the Powertek plant is due to expire in 2016, while the concession agreement for the other two power plants have a few more years to go. Last year, the group had proposed to re-power its existing power plants in Malacca.

As for the sale of Edra assets, it was recently reported that 1MDB had shortlisted four suitors for the final bidding stage.

Edra has five domestic and eight international power plants with total capacity of 5,500MW that are estimated to be worth RM12bil collectively.

The group is currently said to be evaluating the offers, including one from TNB.

In July, the utility giant had bought Edra’s 70% stake in Project 3B or a 2,000MW coal-fired plant in Jimah, Negri Sembilan, for RM46.98mil.