

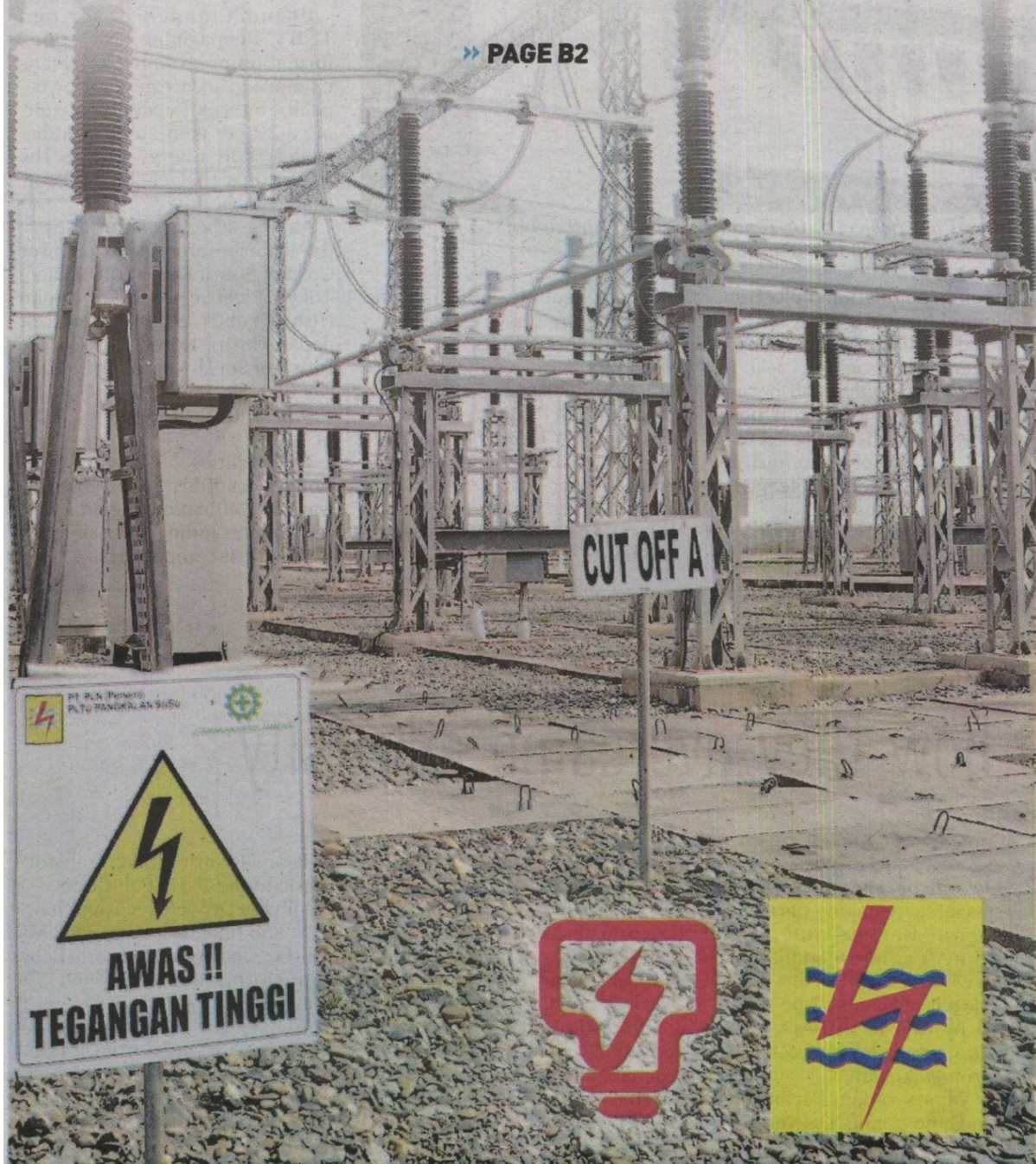
Headline	RIAU PROJECT HITS SNAG		
MediaTitle	New Straits Times		
Date	22 Mar 2017	Language	English
Circulation	74,711	Readership	240,000
Section	Business Times	Page No	1,2
ArticleSize	743 cm ²	Journalist	ZARINA ZAKARIAH
PR Value	RM 76,542		



POWER GLITCH

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TNB-PLN JOINT VENTURE

RIAU PROJECT HITS SNAG

Construction of power plant may be delayed by 3 years, say sources

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TENAGA Nasional Bhd's (TNB) joint-venture power project with Indonesia's PT Perusahaan Listrik Negara (PLN) has hit a snag.

Construction of the multi-billion ringgit 2x600 megawatt power plant in Riau, Sumatra, which was expected to kick off early this year, could be delayed by three years, said sources.

A source close to TNB said the estimated US\$1.6 billion (RM7.08 billion) project was expected to be revisited in three years to see whether it was still viable.

"It is said that the government of Indonesia has decided to focus on the nation's supply first before exploring the import and export of power with other countries.

"For Malaysia, we are open to it but it is up to the Indonesian government. There is no firm date on the matter," said the source, adding that TNB had bought a land in Malacca for the project.

TNB has not responded to an inquiry by NST Business at press time.

It had been reported that TNB would participate in a Sumatra-Peninsular Malaysia high-voltage direct current interconnection project with PLN and another Indonesian firm.

The project would allow for the import and export of electricity between Malaysia and Indonesia.

The senior TNB management team was rumoured to have finalised the deal in Indonesia recently.

Electricity demand has risen in Asean-5 member countries (Malaysia, Singapore, Thailand, Indonesia and the Philippines).

Fuelled by robust economies, rapid industrialisation and ex-

panding populations, electricity demand has hit a five-year compound annual growth rate of 4.8 per cent in the region.

This growing demand necessitates a steady source of power supply. Nonetheless, efforts to close the supply-demand gap have often posed challenges to certain countries.

While Malaysia, Singapore and Thailand have excellent access to

electricity supply, Indonesia and the Philippines have experienced huge power deficits as underlined by their electrification rate of less than 90 per cent, according to a RAM Ratings report.

Indonesia's electrification ratio was a low 88.3 per cent as at the end of 2015.

Most of its Asean neighbours boast of electrification rates exceeding 99 per cent.



PT Perusahaan Listrik Negara's joint-venture project with Tenaga Nasional Bhd to build a power plant in Riau, Sumatra, was supposed to start early this year. BLOOMBERG PIC