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**TNB unit signs RM2.3b coal shipment contract:** Tenaga Nasional Bhd's (TNB) unit, TNB Fuel Services Sdn Bhd, has signed a coal shipment deal worth RM2.3 billion with four Malaysian shipping companies.  
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# TNB unit signs RM2.3b coal shipment contract

*Deal made with 4 Malaysian shipping companies for shipment of coal from Indonesia*

by **PREMALATHA JAYARAMAN**

TENAGA Nasional Bhd's (TNB) unit TNB Fuel Services Sdn Bhd has signed a coal shipment deal worth RM2.3 billion with four Malaysian shipping companies.

In a filing to Bursa Malaysia yesterday, TNB said its unit has signed five long-term contracts of affreightment (CoAs) for the shipment of coal from Indonesia, 10 years for a second-hand vessel and 15 years for a new building vessel.

TNB Fuel has a RM563 million worth long-term CoA with Malaysian Bulk Carriers Bhd for transportation of about 1.5 million metric tonnes of steam coal per annum (Mtpa) to Malaysia.

The contract is for a term of 15 years on a consecutive voyage charter (CVC) contract basis.

It has also sealed a deal with Duta Marine Sdn Bhd for transportation of 1.5 Mtpa, with an estimated contract value of US\$100.5 million (RM393.96 million) for a 10-year period, and Prima Shipping Sdn Bhd for transportation of 1.5 Mtpa with an estimated deal worth US\$99 million for a 10-year period.

TNB Fuel has sealed CVC

deals with PNSL Bhd with a 70,000-metric tonne second-hand vessel for 1.5 Mtpa with an estimated contract value of US\$99 million for 10 years, and an 80,000-metric tonne second-hand vessel for 1.5 Mtpa with an estimated US\$95.4 million for 10 years.

The awarding of the long-term CoA reflects TNB's commitment in promoting and nurturing the growth of Malaysian-owned shipping companies which eventually will allow them to own or operate Malaysian-flagged vessels.

Simultaneously, TNB said the long-term CoA allows the company to diversify its freight contracts portfolio to 60%-term CoA, 20% spot contract and 20% long-term CoA, subject to market conditions.

As the long-term CoA commences, the total allocated 7.5 Mtpa is actually less than 30% of the total shipping services required by TNB in 2016, which is 27 Mtpa.

"By 2019, when the coal requirement is anticipated to be around 40 Mtpa, the long-term CoA will contribute to about 18.75% of the total shipping services," TNB said.

The long-term CoA is planned for shipments of coal from Indonesia as almost 60% of the coal procured by TNB Fuel is from the country to the three discharge ports, namely Lekir Bulk Terminal

in Manjung, Jimah Power Plant (Jimah) and Tanjung Pin Power Plant (Tanjung Pin).

TNB Fuel is the nominated coal and fuel supplier to TNB and independent power producers having power purchase agreements with TNB.

It said the company is entrusted to procure and deliver fuel at optimal cost, taking into account the quality and reliability of supply.

TNB Fuel, being the "One-stop centre" for all power stations, is non-profit oriented and its savings from the efficient and economic purchase of fuel is passed through to TNB and subsequently reflected in the tariff charged to consumers.

To safeguard supply, TNB fuel deals with a diversified network of dependable and reputable suppliers of coal from various countries such as Indonesia, Australia, South Africa and Russia.