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TNB in RM2.3b worth of coal shipment deals

> Bringing in 7.5m tonnes of coal a year from Indonesia

PETALING JAYA: Tenaga Nasional Bhd (TNB) has signed five long-term contracts of affreightment (COA) valued about RM2.3 billion for the shipment of coal from Indonesia.

In a statement to the stock exchange yesterday, TNB said its wholly owned unit, TNB Fuel Services Sdn Bhd (TNBF), entered into the contracts that will bring in 7.5 million tonnes of coal a year (Mtpa).

"As the long-term COA commence, the total allocated 7.5 Mtpa is actually less than 30% of the total shipping services required

by TNBF in 2016, that is, 27 Mtpa.

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

TNBF is the nominated coal and fuel supplier for TNB and independent power

producers having power purchase agreements with TNB.

TNB said almost 60% of the coal procured by TNBF from Indonesia is for three discharge ports, namely, Lekir Bulk Terminal (Manjung), Jimah Power Plant and Tanjung Bin Power Plant.

The contracts - 10 years (for secondhand

vessel) and 15 years (for newbuilding vessel) - were awarded to Malaysian shipping companies PNSL Bhd, Prima Shipping Sdn Bhd, Duta Marine Sdn Bhd and Malaysian Bulk Carriers Bhd.

"The awarding of the long-term COA reflects TNBF's commitment in promoting and nurturing the growth of Malaysian-owned shipping companies, which eventually will allow them to own and/or operate Malaysian flagged vessels," it said.

TNB added that the contracts allow TNBF to diversify its freight portfolio to 60% term COA, 20% spot contracts and 20% long-term COA, subject to market conditions.