

Headline	TNBs unit inks RM2.3b coal shipment deal		
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TNB's unit inks RM2.3b coal shipment deal

BY SUPRIYA SURENDRAN

KUALA LUMPUR: Tenaga Nasional Bhd's (TNB) wholly-owned subsidiary TNB Fuel Services Sdn Bhd (TNBF) has signed five long-term contracts of affreightment (COAs), valued approximately at US\$537 million (RM2.3 billion), for shipment of coal from Indonesia.

TNBF is the nominated coal and fuel supplier for TNB and the independent power producers that have power purchase agreements with TNB.

In a filing with Bursa Malaysia, it was revealed that the contracts, which have a duration of 10 years for second-hand vessels and 15 years for newbuilding vessels, were inked with four Malaysian shipping companies, namely PNSL Bhd, Prima Shipping Sdn Bhd, Duta Marine Sdn Bhd and Malaysian Bulk Carriers Bhd (Maybulk).

The contracts with PNSL are for the consecutive voyage charter (CVC) second hand with a vessel size of 70,000mt +/-10%, for 1.5 million tonnes per annum (Mtpa) with an estimated contract value of about US\$99 million for a 10-year period, and for the CVC second hand with a vessel size of 80,000mt +/-10%, for 1.5Mtpa with an estimated contract value of US\$95.4 million for a 10-year period.

TNBF's contract with Prima Shipping involves a CVC second hand with a vessel size of 70,000mt +/-10%, for 1.5Mtpa with an estimated contract value of US\$99 million for a 10-year period.

As for Duta Marine, the contract involves a CVC second hand with a vessel size of 70,000mt

+/-10%, for 1.5Mtpa with an estimated contract value of US\$100.5 million for a 10-year period.

Meanwhile, Maybulk's contract involves CVC newbuilding with a vessel size of 80,000mt +/- 10%, for 1.5Mtpa with an estimated contract value of US\$143.1 million for a 15-year period.

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

"Simultaneously, the long-term COAs allow TNBF to diversify its freight contract portfolio to 60% term COAs, 20% spot contracts and 20% long-term COAs, subject to market conditions," read TNB's statement.

As the long-term COAs commence, the total allocated 7.5Mtpa are actually less than 30% of the total shipping services required by TNBF in 2016 of 27Mtpa.

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

The long-term COAs are planned for shipment of coal from Indonesia since almost 60% of the coal procured by TNBF is from this country to its three discharge ports, namely Lekir Bulk Terminal (Manjung), Jimah Power Plant (Jimah) and Tanjung Bin Power Plant (Tanjung Bin).

TNB shares closed down 10 sen or 0.69% at RM14.40 yesterday, with a market capitalisation of RM81.38 billion.