

Value of Kepco stake in power plant to be finalised in August

PETALING JAYA: The value of Korea Electric Power Corp's (Kepco) 25% stake in Tadmax Resources Bhd's proposed power plant, which it proposed to buy, will be finalised by August 2018.

Tadmax executive director Datuk Noel John said it would be finalised when the technical and commercial proposals for the implementation of the project were submitted to the Energy Commission (EC) by Aug 1.

"Tadmax's project company, Tadmax Indah Power Sdn Bhd (TIP), will be the leading member of the consortium, which will be responsible for the negotiation of the pro-

ject, preparation and submission of the complete proposal and liaison with related authorities.

"The participation of Kepco in TIP is significant considering that this is a major international power utility presence in the Malaysian power industry," he said at a briefing.

The proposed 1,200 MW combined-cycle gas-turbine power plant will be built on 24.3 ha owned by TIP in Pulau Indah, Selangor.

John said Tadmax was awarded the project by the Government via the EC in August last year and had completed its feasibility study which cost RM27mil.

Kepco, South Korea's largest state-

owned public utility company – with 51% owned by the South Korean government – inked a joint-development agreement with Tadmax last Friday, in compliance with the EC's directive for the latter to seek a suitable and active technical partner for the project.

On implementation of the agreement, Kepco planned to take up 25% in TIP and it also agreed to bear 25% of direct and external third-party cost, which included the feasibility study cost, he said.

Under the deal, John said Kepco would provide technical reviewing of the engineering, procurement and construction and long-

term supply agreement, preparation of the operations and maintenance plan and strategy, technical assistance and consultants and support to achieve successful financial closing.

John said the consortium had shortlisted eight companies for submission to EC for the development of the project, which would comprise two blocks of combined-cycle gas turbine with natural gas as the main fuel and distillate as the back-up fuel.

"The construction and commission will be executed on a turnkey basis and the generated power will be sold to Tenaga Nasional Bhd

(TNB) through a power purchase agreement, in which Tadmax is currently negotiating," he said.

The power plant would meet the high demand of electricity supply in the Klang Valley, Kuala Langat and Sepang districts.

John said the consortium is considering the issuance of sukuk to fund the project, which is estimated at RM3.5bil.

The internal rate of return for the project shall be around 8.5%, he said, adding that Datuk George Mathew, who formally served TNB for over 30 years, would spearhead the development and implementation of the project. — Bernama