

**For Immediate Release**

## **MEDIA RELEASE**

### **SURUHANJAYA TENAGA OFFERS CONDITIONAL AWARD TO CONSORTIUM TO DEVELOP A NEW 1,000 MW – 1,400 MW COMBINED CYCLE POWER PLANT IN JOHOR.**

- The award is conditional upon comparable levelised tariff as in current practice;
- The consortium is required to justify the EPC selection through competitive bid; and
- The project site is selected based on available Tenaga Nasional Berhad land.

Since 2010, in consultation with the Minister of Energy, Green Technology and Water and Suruhanjaya Tenaga (ST) have elected 3 procurement methods for the acquisition of new generation capacity to meet the increasing demand for electricity, namely direct award, restricted bidding and open bidding exercises. The selection of the procurement methodology is dependent on a variety of factors, among others, the date when the plant should be operational, the time required for the development and completion of the plant, availability of a suitable site to meet the commercial operation date requirement, and the time required to adhere to environmental and regulatory requirements. In all of these procurement methodologies, KeTTHA and ST have ensured that only proven power plant technology is specified and that the tariff that is offered by the project developer is competitive.

At the same time, ST is continually making assessment on the country's energy requirement. The assessment includes ensuring that the current capacity and future planned capacity are able to meet the energy demand. The recent drop in available capacity due to unexpectedly high unscheduled outages of power plants, fuel supply issues, deration of plants and transmission constraints has raised concern on the security of our electricity supply system. One such incident was on 7 May 2014 when TNB Grid System Operator had to initiate load shedding causing supply interruptions in several states in order to stabilize the grid system.

In consideration of medium term planning scenario and current operational parameters, ST has decided that there is a requirement to fast track the construction of a plant that was scheduled to be operational in 2020 to an earlier date in 2018 to meet the system requirements. The optimal way to meet this deadline is through a conditional offer whilst still stipulating the need for competitive bid for the Engineering, Procurement and Construction (EPC) portion of the project.

Based on their ability to offer competitive rates in the recently concluded tender exercises, SIPP Energy Sdn. Bhd. (SIPP), with participation by YTL Power International Berhad (YTL) and Tenaga Nasional Berhad (TNB) as consortium members, has been awarded the development of a fast track combined cycle power plant (CCGT) using proven technology with a capacity of 1,000 MW - 1,400 MW in Pasir Gudang, Johor on condition that the technical and commercial proposals are acceptable to ST. The levelised tariff that may be considered competitive must be comparable to the Prai CCGT tender exercise concluded in 2012.

The conduct of the abovementioned EPC tender will be vetted by ST and the use of only proven gas turbine (GT) technology will ensure that all reputable GT manufacturers are able to participate in the tender. Other aspects of the project, namely the technical and commercial proposals, will also be subjected to review and approval by ST. The Government will always ensure that the procurement of new generation capacity will be done in a manner that is beneficial to the nation and also at competitive prices.

Energy Commission  
31 May 2014