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TNB in solar power deals

Six companies to generate 180 MW capacity in four states

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PETALING JAYA: Utility giant Tenaga Nasional Bhd (TNB) signed power purchase agreements (PPAs) with six companies to construct and operate solar plants in peninsular Malaysia.

The six companies will generate a total output of 180 MW capacity from power plants located in four states.

In a filing with Bursa Malaysia yesterday, TNB said the large-scale solar project would involve different stages from design to maintenance of the solar plants.

Under the PPA, the six companies will sell the electricity to TNB for a period of 21 years.

There was no mention of tariffs in the announcement, but it is

believed to be less than 38 sen per kWh.

Globally, tariff for solar power has dropped, with Dubai having the world's lowest levelised cost of electricity of 7.3 US cents per kWh.

The price of solar power had dropped because of the improving efficiency of the equipment.

As the rates fall, TNB and consumers will benefit from lower tariff.

The companies that signed the PPA with TNB include Kenyir Gunkul Solar Sdn Bhd that has the mandate to build and operate a 29.99 MW capacity facility in Dungun, Terengganu. The facility is scheduled for commercial operations on Dec 31, 2019.

Idiwan Solar Sdn Bhd has been awarded with a 30 MW capacity project in Kelantan. The scheduled

commercial operation date is on Sept 30, 2020.

There would be two 30 MW capacity solar projects in Kedah. The companies that got the mandates BGMC BRAS Power Sdn Bhd and Viva Sola Sdn Bhd.

The solar power plants are located in Kuala Muda and Sik. The plants are to begin operations in September and December 2020.

The remaining two 30 MW solar projects would be in Negri Sembilan and are to start commercial operations in December 2020. The companies are Cypark Estuary Solar Sdn Bhd and Cove Suria Sdn Bhd.

TNB said the signing of the PPAs will not have any effect on its issued share capital and substantial shareholders' shareholdings.

The latest round of signings to

build solar plants follow the award of large-scale solar projects by the Energy Commission after a competitive bidding exercise in the first quarter of 2017.

Under the exercise, TNB signed two 21-year PPAs to generate a total output of 60MW last week.

The two bidders are TNB itself for a facility in Kuala Muda, Kedah and Gebeng Sdn Bhd for a facility in Kuantan, Pahang.

The two special purpose companies will each design, construct, own, operate and maintain a solar photovoltaic energy generating facility.

TNB Bukit Selambau Solar Sdn Bhd's plant will have a capacity of 30MW while Gebeng's capacity is 29.92MW. Their scheduled commercial operation date is Dec 31, 2020 and Feb 3, 2020.