

FOR IMMEDIATE RELEASE

MEDIA RELEASE

**CLARIFICATIONS ON THE ANNOUNCEMENT OF THE RESULT OF
COMPETITIVE BIDDING EXERCISE FOR PROJECT 3B WHICH INVOLVES THE
CONSTRUCTION OF A NEW 2x1000 MW COAL-FIRED POWER PLANT FOR
COMMERCIAL OPERATION IN 2018/2019**

1. The Energy Commission would like to refer to various media reports following our Media Release on 28 February 2014 regarding the announcement of the Preferred Bidder for the Project 3B open tender exercise, and wish to provide further clarifications on issues raised in those reports and articles.
2. The 1MDB-Mitsui Consortium was selected as the Preferred Bidder for the Project 3B open tender based on the following factors:
 - a) 1MDB-Mitsui has complied with all the Bid requirements including the use of major equipments namely steam generator, turbine and generator technology that have been adequately proven over time in commercial operation;
 - b) Their levellised tariff of 25.33 sen/kWh is very competitive where it is 1.34 sen/kWh lower than the next ranked bidder and, at only 0.21 sen/kWh higher than the offer from YTL-SIPP Consortium; and
 - c) 1MDB-Mitsui proposed the lowest project cost per megawatt (MW) among the four bidders at RM 5.406 million/ MW compared to YTL-SIPP's offer of RM 5.438 million/MW.
3. After a detailed study, the Energy Commission (EC) had concluded that the proposal submitted by YTL-SIPP Consortium did not comply fully with Part 2 (Technical Specifications) of the Request For Proposal (RFP) document for Project 3B. Part 2 stipulates that the power plant being offered shall be designed

based on proven technology that has been in commercial operation at similar steam conditions as the one proposed in the Bid.

4. The relevant provisions in the RFP document are as follows:

a) Section 3.1 of Part 2 of RFP

“ The Power Plant shall be based on **proven technology having an operational track record**”;

b) Section 3.2 of Part 2 of RFP

“ The Power Plant shall be based on **proven supercritical or ultra-supercritical technology, having operated commercially** at other plants of a similar type, scale, nature and complexity to the Bidder’s proposed Power Plant”;

c) Section 3.7 of Part 2 of RFP

“ The Power Plant shall be based on **proven technology, having operated commercially** at other plants of a similar type, scale and **steam conditions** as for Bidder’s proposed Power Plant”.

5. The Doosan Heavy Industries& Construction (“Doosan”) steam generator that was proposed by YTL-SIPP Consortium had to be rejected by EC for not complying fully with the above RFP requirements. The EC has concluded that the specifications that were proposed by YTL-SIPP for the Doosan steam generator superheater/reheater outlet steam conditions of 259.5 bar and 603/613°C are higher than the outlet steam conditions of any of the submitted reference plants already in commercial operation, which EC had determined to be only at 569/596°C maximum. The operating track record for Doosan steam generators is only proven for steam conditions up to 569/596°C and not 603/613 °C.

6. The EC’s decision to reject the Advisory Panel’s view regarding compliance of proven technology criteria was made pursuant to the Technical Committee’s findings that the proposed Doosan steam generator technology that delivers a much higher steam temperature of 603/613 °C is not yet proven. Doosan’s approach towards achieving a superheater/reheater outlet temperature of 600°C and above would require a significant improvement in material specifications over their existing technology.

7. It would be a non-issue had the YTL-SIPP Consortium selected Doosan steam generator with steam conditions of 569/596°C (maximum), which are similar to the specifications of the Doosan steam generators already in operation in Korea and also offered to customers in China and India in order to satisfy the requirement of “ The Power Plant shall be based on proven technology, having operated commercially at other plants of a similar type, scale and steam conditions as for Bidder’s proposed Power Plant ” as stipulated in Part 2 of the RFP.

8. The 1MDB-Mitsui Consortium has, therefore, won the recently concluded Project 3B bidding exercise in a fair and square manner with a well-proven technology that would enhance security of supply expected of a 2000MW coal-fired power plant operating in a grid system of our size.

Energy Commission
7 March 2014