

PRESS STATEMENT

1,000 MW COAL-FIRED POWER PLANT PROJECT AT TANJUNG BIN POWER STATION, JOHOR

PUTRAJAYA, 21st October 2011 - The Energy Commission wishes to clarify on the statement made by Y.B. Tony Pua in relation to the 1,000 MW coal-fired power plant project at Tanjung Bin Power Station, Johor.

The project to develop and operate the 1,000 MW coal-fired power plant project was awarded to Transpool Sdn Bhd, a subsidiary of Malakoff Corporation Berhad, via a competitive restricted bidding process conducted by the Energy Commission from 15 November 2010 to 15 April 2011. The project is needed to meet the projected demand in 2016 following the cancellation of the proposed submarine cable from the Bakun Hydroelectric Project.

Contrary to the statement made by Y.B Tony Pua in the Malay Mail, Harakah Daily, Sin Chew Jit Poh and Oriental Daily News, it is absolutely necessary for the bidding process to be conducted 5 years ahead of the expected commercial operation date in 2016. This is because the development and construction of a power plant of such scale will require a minimum period of 5 years on a brownfield site and 7 years on a greenfield site.

Greenfield development will require a longer period to undertake the following activities:

- (i) Full Environmental Impact Assessment (EIA);
- (ii) Detailed site identification and assessment, including public consultation;
- (iii) Site preparation, reclamation and soil investigation; and

- (iv) Construction of new transmission and interconnection facilities, coal handling and other common facilities.

Based on the projected economic growth, failure to award such project on time to achieve commercial operation in early 2016 will result in potential brownouts in the country. Hence, the brownfield site option was chosen for the bidding process.

Following an assessment by the Energy Commission, there are only two suitable brownfield sites that can meet the timeline requirement, and they were therefore shortlisted for the bidding process.

The evaluation of the bid proposals was conducted by a team consisting of officers of the Energy Commission as well as reputable financial, legal and technical international consultants appointed by the Energy Commission. The evaluation was conducted solely based on the technical and commercial aspects of the bid which, among others, include the proposed tariff for the entire duration of the 25-year concession period. The Energy Commission wishes to reiterate that the tariff and concession period have already been determined through the competitive bidding process.

The Energy Commission also wishes to highlight that the final tariff that was submitted by the winning bidder and approved by the Government is very competitive compared to similar projects in the region.

END

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