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# Tadmax power plant project up to govt: ST

> Company directed to submit details of new partner for evaluation

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**PETALING JAYA:** The decision to allow Tadmax Resources Bhd to develop a 1,000MW-1,200MW combined cycle gas-fired power plant (CCGT) on its land in Pulau Indah, Selangor, on its own or otherwise rests with the government, said the Energy Commission (ST).

"ST has advised the government that Tadmax needs to team up with an experienced and financially sound partner to take the place of Tenaga Nasional Bhd (TNB), and Tadmax was duly instructed to submit the details of the new partner for evaluation prior approval by the government," ST told *SunBiz* in response to queries on Tadmax's statement that it is going ahead with the power plant project without the participation of TNB.

TNB's participation in the project

was a stipulation under the conditional award to Tadmax in August 2016. Last week, Tadmax said it is embarking on the power plant project on its own, claiming that TNB was not keen to participate because its hands are full. TNB has yet to respond on the matter.

Tadmax said it has a technical partner lined up and that many parties, including big foreign utility companies, are interested to participate in the RM3.5 billion CCGT project.

Association of Water and Energy Research Malaysia president S. Piarapakaran however was of the opinion that the award should be cancelled and go through a competitive bidding exercise.

"If the (consortium partner) offer lapses and Tadmax fails to get TNB as a partner, just go back to competitive bidding. We still have time to call for one. The demand now is quite low. We're not rushing for any new power plants," he told *SunBiz*.

Piarapakaran said the move by Tadmax to get another technical partner would only add to costs.

"As long as Tadmax is in the consortium, because they are financially a risk to the project, your costs will go up. If you reverse the condition, go back to competitive bidding – those who bid will bring their financial portfolios – to

get the best financing."

Tadmax saw a net loss of RM13.77 million in FY16, but is confident of making a profit this year, helped by its property development business. It is not a player in the power industry and has not built a power plant before.

"For Tadmax, at the current (plant) location and (a company that) has no experience in this, we don't see why they're going through this process. It's going to add burden to the consumers. Competitive bidding is the only way to reduce the costs," Piarapakaran said, pointing out that the location of the CCGT plant in Pulau Indah is risky with shallow waters, which may lead to higher cooling costs for the plant.

Moreover, Piarapakaran said, competitive bidding will enable the CCGT project to be completed in about four years, while Tadmax has said it will take five years before commercial operation begins.