

# ERC vows Glow ruling soon

## Body to meet with all stakeholders

POST REPORTERS B3

The Energy Regulatory Commission (ERC) plans to conclude its consideration of SET-listed Global Power Synergy Plc's (GPSC) takeover of SET-listed Glow Energy Plc by October.

The ERC will have a 90-day time frame to consider and make a decision on whether GPSC can acquire the entire shares of Glow in the near future, said ERC commissioner Viraphol Jirapraditkul.

"In mid-July, GPSC submitted its inquiry letter to the ERC because the company was concerned about the acquisition deal. If GPSC completes this transaction, it will control 80% of private power purchase agreements [PPAs] in Map Ta Phut Industrial Estate thanks to Glow's existing assets."

GPSC has power customers in the PTT Group of companies as it is PTT's power business arm. Glow has sold electricity mainly to the Electricity Generating Authority of Thailand (Egat), but it has other customers such as SET-listed Siam Cement Group (SCG), which has many petrochemical operations in Rayong's Map Ta Phut.

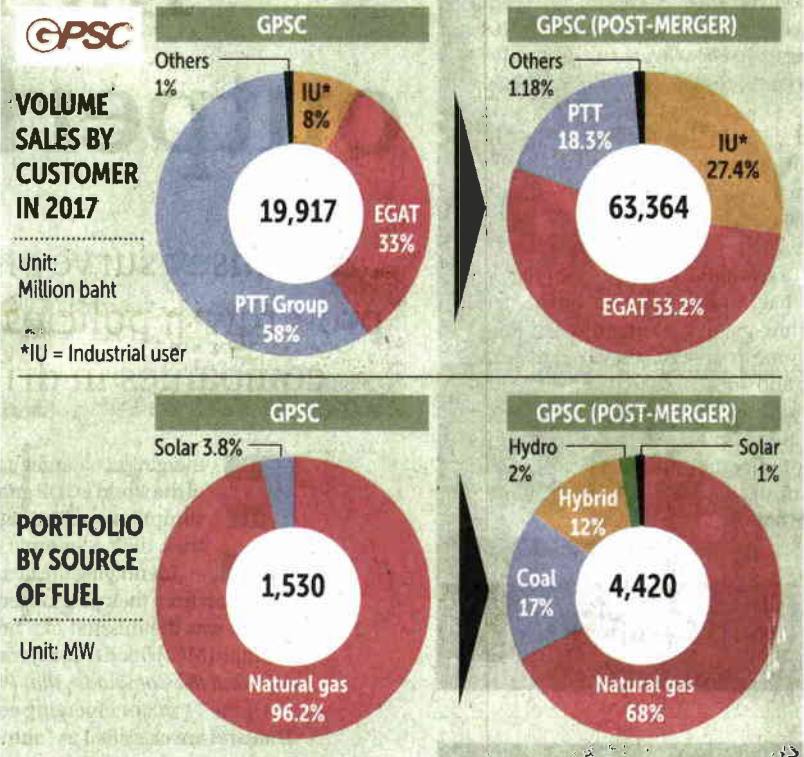
Mr Viraphol said the ERC will invite all related stakeholders in this matter — GPSC, Glow and SCG — to clarify the facts for its consideration.

This reaction came after former Finance Minister Korn Chatikavanij publicised his concern about the deal, noting it would give GPSC a monopoly on all power purchase agreements in Map Ta Phut.

Yesterday Mr Korn sent his petition letter objecting to the acquisition to the ERC and the Office of the Ombudsman for Thailand.

He said the acquisition might violate Section 75 of the charter, prohibiting the government from running a business competing with the private sector, except for

## GPSC'S POTENTIAL SYNERGIES AND DIVERSIFICATION



Source: Global Power Synergy Plc

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necessary situations.

GPSC is the subsidiary of state enterprise PTT.

Moreover, Glow has many PPAs in Map Ta Phut, representing some 60% of the total there. GPSC and the Provincial Electricity Authority each has 20% for the remainder.

Earlier Chansin Treenuchagron, president and chief executive of PTT Plc, defended the company against Mr Korn's remarks, saying the acquisition was legal and is being vetted by ERC for fair play in the power generation sector.

The deal was done through GPSC in June, purchasing 69.11% of shares from French-based Engie Group, the majority shareholder of Glow. The remaining 30.89% are expected to be bought through

a tender offer.

The deal is expected to be worth 139 billion baht and completed by November.

"Once we merge Glow and GPSC, we will be ranked the fourth-largest power producer at 4.835 gigawatts," said Mr Chansin.

The Egat ranks first for power capacity with 16.01GW, followed by Ratchaburi Electricity Generating Holding Plc at 8.02GW, Gulf Energy Development Plc at 5.3GW and Electricity Generating Plc 4.26GW.

Rapee Sucharitakul, secretary-general of the Securities and Exchange Commission (SEC), said the commission will assess the tender offer for Glow as PTT and GPSC previously declared such a tender offer was not needed because there would



**Mr Viraphol says GPSC sent an inquiry in July.** PATTARACHAI PREECHAPANICH

be no structural changes for shareholders required to receive such offer.

Regarding whether processed and chilled water falls under a state concession, this question has to be clarified by the ERC, said Mr Rapee.

On issues related to corporate governance and monopoly power, he said the ERC and the State Enterprise Policy Office will have to clarify these.

Toemchai Bunnag, GPSC's president and chief executive, said the main objective of the acquisition is to synergise both companies' strengths to boost efficiency and power security for local and foreign companies operating in Map Ta Phut. Aside from an assurance to users, the transaction will concurrently reduce operating expenses, which benefits both GPSC and its customers, he said.

GPSC moved up its meeting with Glow's customers to assure them none would be affected by the transaction. All conditions, electricity fees and services under the original agreements will be honoured, as the power business involves long-term contracts that clearly specify fees and volume, said Mr Toemchai.

The price will depend on market rates on an arm's length basis. Glow's existing contracts average over 10 years.

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