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ENERGY

Egco ready to sell off Indonesian mine

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SET-listed Electricity Generating Plc (Egco), the country's first independent power producer (IPP), plans to sell its coal mine in Indonesia in line with its policy to seek other high-value assets in the future.

President Jakgrich Pibulpairoj said it is poised to sell the coal mine, even though the global coal price is gradually increasing, because Egco plans to emphasise power generation with cleaner fuels.

"We are ready for a deal once buyers make an acceptable offer," he said.

Egco owns a 40% stake in PT Manambang Muara Enim (MME), which owns and operates the open-pit mine of the same name located in South Sumatra.

Egco acquired the mine in August 2012, with mineable coal reserves of 140 million tonnes. The sales volume of MME in 2016 stood at 1.12 million tonnes.

The coal mine has been offered for acquisition since early 2018, but the deal could not be closed because of the high price of asset acquisitions.

In addition, Egco also plans to sell the wholly owned 113-megawatt Boco Rock Wind Farm (BRWF) in New South Wales,

Australia.

Egco acquired this wind farm equity from Asia Pacific Renewables Co in June 2013 for A\$110 million (2.46 billion baht).

The BRWF has held a 15-year power purchase agreement with Energy Australia Pty since 2015.

Mr Jakgrich said both plans follow Egco's announcement to enter liquefied natural gas (LNG) trading with South Korea's utility network service provider SK E&S Co.

In November, Egco announced a 49% acquisition of Paju Energy Service, a subsidiary of SK E&S, to own and operate the

Paju power plant in Gyeonggi province, South Korea.

The agreement had an investment value of 26.2 billion baht. The transaction is expected to be completed in January, but further business plans have not been disclosed.

The Paju power plant comprises two power generators with 1,823 megawatts (MW) in combined cycle that are fuelled by imported LNG.

The Paju plant commenced operations in February 2017 and supplies electricity to Korea Electric Power Corporation, the sole off-taker of wholesale power generation in



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JAKGRICH PIBULPAIROJ

President, Electricity Generating Plc

South Korea.

Egco tried to diversify into the LNG business in 2016, but related regulations and local demand were still being developed.

In March 2016, Egco joined with Egat Inter Co, wholly owned by Egat and Ratchaburi Electricity Generating Holding Plc, an Egat subsidiary, to launch the LNG business in Thailand, but progress was slow.

Mr Jakgrich said Egco allocated a 2019 budget of 17 billion baht to develop four new power plants in which it is a shareholder.

The budget includes two hydropower plants in Laos: the 1,285MW Xayaburi hydroelectric power plant and the 650MW Nam Theun 1.

The other two plants are the 455MW **coal-fired power plant in San Buenaventura in the Philippines and the 1,823MW gas-fired Paju power plant in South Korea.**

Egco operates 26 power plants with a total capacity of 4,260MW.

Capacity is projected to increase to 5,153MW after completing transactions for the Paju power plant in the beginning of this year.

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