

Premium Renewable plans RM1b Sabah investment

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PREMIUM Renewable Energy (Malaysia) Sdn Bhd, which is building the first bio-oil plant in Sabah, is planning to invest an initial RM1 billion to set up such power plants in the state, its top executive said.

"We are talking to a very large independent power producer (IPP) to go into power generation in Sabah," Premium Renewable managing director Anand Selvaratnam said.

He said the biodiesel power plants would likely be located in the east coast of Sabah.

"There isn't an east coast solution (for power supply). That's where the power shortage really is," Anand said at the launch of the Economic Transformation Programme (ETP) Roadmap in Kuala Lumpur yesterday.

The west coast of Sabah, he said, would be served by a new 300 megawatts (MW) gas-fired power plant under construction by Petronas.

"We would be hoping to roll out a pretty sizeable power plant, and if that works, we can roll out two or three other sites," he said.

Asked when the first power plant would be up, he said: "We are in negotiation right now. So it might happen very fast." Anand said Premium Renewable would raise funds locally to set up the power plant on a joint-venture basis.

"In terms of technology, we are hoping to get Caterpillar Inc as one of the partners there for the power plant. They are the first diesel engine manufacturer able to burn bio-oil in their diesel engine stations." He said Caterpillar's solution is 2.5 times more efficient than direct combustion engines and has a conversion rate of 45 per cent instead of 20 per cent.

"It really does make the utilisation of our resource that much more efficient," he said.

Premium Renewable's rapid thermal process (RTP) bio-oil plant will be built near Lahad Datu, Sabah, in 2011.

Dubbed as the first of its kind in Malaysia, the plant will use oil palm biomass as feedstock in partnership with one of the country's largest plantation companies.

"Our target is to generate RM3.3 billion Ebitda (earnings before interest, taxes, depreciation and amortisation) by 2002," Anand said.

The company's long-term plans were to build 38 plants producing RM5 billion to RM6 billion worth of biofuel, he added.

