

## Bakun Dam

Transmission cable

South China Sea

Kuala Lumpur

MALAYSIA

Kuching

BAKUN  
DAM

Kalimantan

Sumatra

# Govt asked to take over Bakun

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By **JAGDEV SINGH SIDHU**

jagdev@thestar.com.my

**KUALA LUMPUR:** Sime Darby Bhd has proposed that the Government takes control of the Bakun dam and heads the submarine cable project to transport 1,600 MW to Peninsular Malaysia.

The entire project is estimated to cost between RM16bil and RM17bil. Sources said Sime Darby had proposed to finance the project on an 80:20 debt to equity ratio.

Sources said the proposed tariff of about 17 sen per kilowatt hour (kw/h)

for power generated from the project was fair as it would give stakeholders an internal rate of return of around 12%. This is because the cost of funds needed for the entire project is estimated at between 7% and 8% a year.

At 17 sen per kw/h, power from Bakun would be competitive compared with the unit cost of unsubsidised electricity using natural gas, which is about 22 sen per unit, a source said.

The price is also said to be competitive versus coal-generated power at current world prices.

The price of gas paid by Tenaga

Nasional Bhd and independent power producers is subsidised at RM6.40 per mmbtu, a fraction of world prices.

Furthermore, Petronas has started importing natural gas from neighbouring countries to supplement the domestic requirements for natural gas.

"In our point of view, the project is positive for everyone," the source said. "Most countries that have hydro potential will exploit that to the maximum."

The source said that securing the

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# Project ensures sustainable dividend for PNB

> FROM B1

project would translate in a sustainable dividend payment for Permodalan Nasional Bhd and its unitholders.

The Bakun dam will be able to generate 1,800 MW of energy, based on flood data over the last 100 years.

Of that amount, 200 MW is being planned for supply to Sarawak and the rest transported to the peninsula via undersea power cables. This por-

tion would cost RM9bil.

The use of high-voltage direct current cables would ensure that energy loss is minimal, at about 5% to 6%.

The Sime Darby-led proposal would see two lines of 800 MW cables being laid along the more than 600km from the shores near the dam to Peninsular Malaysia.

It would also see Sime Darby take ownership of the cable project but not undertake its construction.

"That would be done on an engineering, procurement and construction turnkey basis by people who have the necessary track record and capability," the source said.

While saying the deal would be a windfall for Sime Darby and its parent PNB, sources said the need to supply sustainable energy to the country was equally important.

"This would mean 35 years of cheap and clean power for the country.

"The maintenance cost is negligible and it helps preserve the limited energy sources in the country," he said.

Sources believe a decision on the power transmission project needs to be made soon as it could take four to five years to complete, bringing the completion date close to the time when TNB is required to plant up more power stations to maintain a steady energy supply to the peninsula.