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Ratch may invest in 5 solar plants in Japan

Ratchaburi Electricity Generating Holding is considering investing in up to five solar-driven electricity-generation projects with a combined production capacity of 100 megawatts in Japan in partnership with a Taiwanese company.

Ratch chief executive officer Pongdit Potejana said the company planned to conclude its investment expansion with Chow Steel Industries with one or two more projects, in addition to the current joint venture in two solar-plant projects.

In addition, Ratch is interested in projects pertaining to the acquisition of two power plants (local and foreign) with a combined production capacity of 2,000MW, as well as a coal mine in Indonesia (with 100 tonnes of reserves), which will require an investment of US\$800 million to \$1 billion (Bt26 billion to Bt32 billion).

Ratch is conducting due diligence on these projects, which it hopes can be finalised this year.

It also plans to build a 36MW solar plant in Collinsville, Australia, to replace its currently suspended coal-fired power plant. Ratch expects to conclude this project by next year. Its subsidiary Ratchaburi-Australia Corporation will be the investor in building the solar plant, which would require investment of about Bt80 million to Bt100 million per megawatt.

The construction permit for the project has been obtained. Ratch is in the process of forming an investment partnership for the project.

Ratch projects net profit of at least Bt5 billion this year, down from last year's Bt6.2 billion. This is because of the lower electricity selling fees. However, net profit could increase when the revenue from the newly acquired power plant is recognised, Pongdit said.

Ratch usually exceeds its profit target by focusing on projects that bring in revenue quickly, such as through mergers or acquisitions of power plants that offer good returns on investment (at least 10 per cent). This is better than spending five or six years to build a power plant before revenue can be earned, the CEO said.

As for the progress on the investment in the 600MW coal-fired power plant in Chiang Gong, Myanmar, Ratch expects a memorandum of agreement to be signed this quarter.

The signing of the MoA for a 2,640MW clean-coal-fired power plant in Marid, Myanmar, in which Ratch holds a 45-per-cent equity stake, should take place next month. Construction will begin next year, and should be completed within five years, with electricity expected to be distributed in 2021, Pongdit said.

