



TPCH taps into bright future for biomass power

TPC Power Holding Plc (TPCH), which listed on the Stock Exchange of Thailand in January, is the country's largest biomass power plant company. President Cherdsak Wattanavijitkul discusses the company's strategy and outlook.

What is the history of TPCH?

TPC Power Holding began as the business development subsidiary of our parent, SET-listed Thai Polycons Plc. In 2006, Thai Polycons was working on a biomass construction project on behalf of a client and decided to investigate the biomass industry further. As the group's business development arm, we researched renewable energy and Thailand's long-term electricity supply plans. As a result of this, TPCH was created to serve as the investment arm of Thai Polycons in the biomass industry.

What is TPCH's business model?

We own and operate biomass power plants in Thailand through investments in seven subsidiaries — six very small power producers with 10 megawatts of generating capacity or less and one small power producer with generating capacity of up to 90 MW.

How are the projects progressing?

We have power purchase agreements for 60 MW and hope to secure deals for an additional 46 MW later this year to bring our total to 106 MW. Last year our first power plant became operational with 10 MW. We expect a total of 30 MW to become operational this year and 60 MW next year, aiming at 100-150 MW



Cherdsak: Continued growth in

by 2017. In each project, we have additional shareholders who are either the largest raw material providers in the region or technology partners to ensure our operations run smoothly.

What effect does the government's power development plan (PDP) have on the industry?

The PDP benefits the renewable energy industry, as the government has steadily increased the proportion of renewable energy in recent years, and we expect to see further increases. Renewable energy is estimated at 14,000 MW out of a total 40,000 MW of electricity supplied to the country, with biomass the largest proportion among renewables at 4,800 MW. Finally, with the recent change from an adder-tariff system to a feed-in-tariff, biomass power plants get an additional one baht per unit, thereby halving our payback period to three years.

What differentiates TPCH from its competitors?

We are the largest biomass group listed on the SET and intend to be the largest biomass power plant company in southern Thailand. What differentiates us is our parent company has been doing business in southern Thailand for 30 years. This combined with having one of our plants operational allows us to demonstrate to local communities that biomass plants are environmentally friendly, that we are supporting the local economy by purchasing raw materials directly from farmers and that we contribute a portion of our revenue — double what is required by law — to their community fund.

Also, with our technology partner EnBW, the third-largest power company in Germany, we are able to access critical technology knowledge to ensure our plants operate efficiently. Finally, with Thai Polycons as our parent, we're able to control the engineering, procurement and construction of all power plants and ensure good quality control and timely construction and project management.

What are the biggest risks facing your business?

Access to raw material is the biggest risk in this business, and we've learned from the past failures of biomass plants that were focused solely on rice husk — when husk prices increased, the plants were no longer feasible.

We've been able to mitigate this risk in two ways. First, our shareholders at the project level are the largest suppliers of raw materials in their respective regions; and second, our plants can use any type of agricultural product for combustion, be it coconuts, rice husk or wood chips.

How will the Asean Economic Community affect your business?

We're looking regionally for opportunities. Specifically in Laos, there are opportunities for hydropower plants, and we'll continuously look for opportunities throughout the rest of the region as well.

Where do you see TPCH in five years?

In the next five years, our goal is to be in the SET50, and we will achieve this by expanding our existing business to have total installed capacity of 200 MW. We'll be looking continuously for new opportunities in Thailand and the region to acquire new technologies, acquire new businesses and be the largest biomass power plant company in Thailand.

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