



BAFS ups capital in FPT for oil pipeline project

SET-listed Bangkok Aviation Fuel Services Plc (BAFS) plans to increase its registered capital in its subsidiary, Fuel Pipeline Transportation Co (FPT), to strengthen the company's financial status before starting its investment on an oil pipeline project worth 7.5 billion baht.

The move follows BAFS reducing its stake in FPT to 75% last Friday to 8.63 million shares worth 690 million baht.

Supadis Diskul, director and executive chairman of BAFS, said the company is expected to increase capital to 3.6 billion baht from 260 million in order to secure loans worth 4.6 billion baht. BAFS is also scheduled to receive another loan tranche of 2.25 billion baht.

The capital increase is expected to be approved at a shareholders meeting in February.

BAFS signed a support agreement with the Energy Ministry yesterday to develop a 570-kilometre oil pipeline from Ayutthaya's Bang Pa-in to the northern city of Lampang.

BAFS and FPT are awaiting approval of the environmental impact assessment report, but Krungthai Bank, TMB Bank, Bangkok Bank and Thanachart Bank are expected to provide loans.

Construction of the oil pipeline is expected to start by mid-2016 and operation is slated for December 2018.

Mr Supadis said the pipeline is expected to help cut carbon emissions from land transport by 30,000 tonnes a year. Transport costs would drop by around 40 satang per litre.

He said BAFS plans to extend the pipeline to Chiang Rai in 2021 as well as Myanmar via Tak province.

The Energy Business Department said it plans to develop another oil pipeline to the Northeast, running from Saraburi to Khon Kaen for 350 kilometres.

Department director-general Witoon Kulcharoenwirat said a potential developer of the pipeline is SC Group, a local pipeline construction and fuel logistics provider. The pipeline is designed to run from the oil depot of Thai Petroleum Pipeline Co in Saraburi along the Mitraphab highway at a cost of 13.1 billion baht.

Mr Witoon said SC Group also approached a Chinese oil firm about supporting the project by extending the pipeline from Khon Kaen to southern China.

Mr Supadis said if the northeast pipeline is not viable, BAFS would volunteer to develop it, changing the route along the motorway from Bang Pa-in to Nakhon Ratchasima.

Shares of BAFS closed yesterday on the SET at 28.25 baht, up 25 satang, in trade worth 24 million baht.

