

**SPEECH BY: THE RIGHT HONORABLE CHIEF MINISTER DATUK SERI MUSA HAJI AMAN'S AT THE OPENING CEREMONY OF SEGUNTOR BIOMASS PLANT SANDAKAN, SABAH, AT SEGUNTOR BIOMASS PLANT SANDAKAN
ON 18TH JANUARY 2010**

It is my pleasure to be able to join you this morning at this opening ceremony of Seguntor Biomass Plant. I would like to take this opportunity to congratulate SESB, Kina Biopower Sdn Bhd and Seguntor Bioenergy Sdn Bhd for collaborating on project of this significance, one of the first waste-to-energy Clean Development Mechanism (CDM) projects entitled for carbon credits. I believe this event will help pave the way for more sound projects at both the state and national levels in the future. Indeed, this project is a milestone in regional cooperation between Malaysia, Singapore and Japan.

This effort is part of the measure undertaken by SESB to provide a more stable power supply to consumers in the state especially in the East Coast of the State. These efforts are in tandem with the earlier approved policy by the Government called Small Renewable Energy Programme (SREP). This policy is meant to encourage private entities which generate power with renewable fuels to sell part or all of its output to Tenaga Nasional Berhad (TNB) and Sabah Electricity Sdn. Bhd (SESB).

I am made to understand that the SREP Programme was launched in 2001, and the approval of SREP for the "Kina Biopower 11.5MW EFB Power Plant" project was issued in 2006. Both of Kina Biopower plants were completed and started their commercial operations in January 2009 and March 2009 consecutively with estimated RM120 million investment for each project.

Malaysia produces minimum 168 million tons of biomass every year and the commercial potential is yet to be fully explored. The approved Renewable Energy (RE) Policy and Action Plan as well as the Switch-Asia Program funded by the European Union (EU) are some of the efforts done by the Government to steer the nation towards a thriving Renewable Energy (RE) industry.

In Sabah, there are five biomass power generation plants processing the EFB and only three sell electricity to the Sabah State Electricity Board (SESB) under the Renewable Energy Power Production Agreement (REPPA). Aside from Kina Biopower Sdn Bhd and Seguntor Bioenergy Sdn Bhd, TSH Bioenergy Sdn Bhd in Tawau also operates along the same principle. Under the Sabah Integrated Master Plan, and with full completion of the proposed initiatives, SESB is targeting a statewide Overall System Performance Interruption Index (SAIDI) of 700 minutes by the year 2010.

I am told that the Seguntor Bioenergy Sdn Bhd and Kina Biopower Sdn Bhd are supplying 20 MW of power to SESB at 21 cents kwh under the Renewable Energy Power Production Agreement (REPPA). The plant consumes 907 MT per day of Empty Fruit Bunches (EFB) sourced from 17 oil palm mills in the neighbourhood.

The project activity will produce approximately 92,681MWh annually for the electricity supplied to the SESB grid and the plant's in-house consumption. The expected amount of greenhouse gases (GHGs) emissions reduction is approximately 251,750tonnes of CO₂ equivalent per annum. The project involves the establishment of a biomass power generation project with a capacity of 11.5 MW. The project is a renewable energy project activity with an output capacity of less than 15 MW.

Indeed, the State Government is encouraging the oil palm industry especially for large plantation companies in the state to build biomass power generation plants to process the EFB at their respective factories. Another benefit from the project is the provision of training and some transfer of technology for staff in charge of operation and maintenance that will be implemented prior to the commencement of the project. Since the project is based on a new technology, training and maintenance efforts are crucial. I am also told that each of the plant has hired a majority of Bumiputeras, and it is my hope that they will benefit from the training and skills acquired while on the job.

We know that the current electricity tariff is low in Sabah and that this tariff is probably seen as a major barrier for Small Renewable Energy Programme (SREP) participants at the moment. The low tariff, combined with high equipment costs for the EFB plant, is identified as the main barriers to biomass project due to the fact that EFB fuel requires the use of advanced technologies. The Government will look into these barriers.

I would certainly take this opportunity to emphasize that the development of capacities and investments in the energy sector would create new job opportunities and certainly contribute to the economic growth both of the country and the state. While we encourage the development of renewable energy, Sabah also needs to look at alternative forms of energy sources to meet the rising demand as a result of increasing development throughout the state.

In closing, I would like to thank the organiser for inviting me to be a part of this occasion and wish you every success in this endeavour. On that note, it gives me great pleasure to declare the extend Seguntor Biomass Plant open.

Thank you.