

# Edra

15 November 2015

## **FOR IMMEDIATE RELEASE**

### **PROJECT TUAH: POWER DEVELOPMENT PROJECT FOR THE STATE OF MALACCA**

Development of a new 2,000MW to 2,400MW combined cycle power plant  
in Alor Gajah, Melaka ("Malacca Project")

Dato' Mohd Nazri Bin Shahrudin ("Dato' Nazri"), the Chief Executive Officer ("CEO") of Edra, has over 34 years of experience in Tenaga Nasional Berhad ("TNB"). Prior to this, Dato' Nazri was the Vice President of New Business and Major Projects (now known as Energy Ventures) of TNB.

Dato' Nazri explained that this project is anticipated to make a very significant contribution to Melaka. Edra will be collaborating with Chief Minister Inc. to identify Melaka State nominated Bumi and local companies to participate in the development of Project Tuah. Edra will accordingly be looking to get in touch with the local Bumiputera Chamber of Commerce. The Project will represent a viable platform to organise and coordinate competent Bumiputera and Local contractors and vendors who are in the position to participate in this project.

Dato' Nazri pointed out that the EPC Contract of Project Tuah has specifically provided for Local Content Requirements whereby the EPC Contractor shall give preference to the use of construction equipment and other equipment and materials and products produced and manufactured in Malaysia and to services supplied by contractors in Malaysia.

Page 1 of 3

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The EPC Contractor shall also ensure that at least 25% of the total EPC Contract Price shall be denominated in Ringgit Malaysia and comprise of equipment, materials and services manufactured by or procured from sub-contractors or suppliers in Malaysia, of which at least 30% shall be procured from bumiputera contractors/suppliers in Malaysia and/or local Malaysian contractors/suppliers based in Melaka.

As a responsible corporate citizen, Edra not only provides employment opportunities to the local communities in which it operate, but has continued to recognise and nurture local workforce.

All of Edra's five power stations in Malaysia are 100% managed by Malaysians; of which 72% of the employees are Bumiputeras. In Egypt and Bangladesh, save for one foreign staff in each country, all employees are Egyptians and Bangladeshis respectively.

To address concerns from certain quarters over security of electricity supply under foreign ownership of Edra's assets, Dato' Nazri pointed out that all IPPs in Malaysia are governed by their respective Power Purchase Agreements (PPAs) and generating licences. Regardless of foreign or local ownership, it is not a threat to the security of electricity supply in Malaysia.

The existing long term PPAs have binding terms which do not allow for any changes to the agreed tariffs. There are also step in rights in the PPAs for Tenaga Nasional Berhad or Suruhanjaya Tenaga should the IPP fail to fulfil or abide by the terms of the PPAs.

“The obligations of Edra-owned IPPs are governed by regulatory bodies such as the Ministry of Energy, Green Technology and Water, Suruhanjaya Tenaga, etc, regardless of its ownership structure”, said Dato’ Nazri.

Over the years, the Federal Government has nurtured and developed local players in the power generation sector. Local IPPs have since grown and developed capabilities to compete not only domestically but also internationally. TNB, Malakoff, YTL and Edra are good examples of home-grown brands which have now established presence in the global markets.

Hence, the gradual liberalisation of the local power sector is a logical next step by the Government. For example, the Government has recently introduced the New Enhanced Dispatch Arrangement (NEDA) which will introduce price-based bidding to complement current PPA arrangements. In other countries, the concept of merchant generation is gradually gaining acceptance.

Dato’ Nazri also said that Edra has and will always respect the local cultures of the different countries in which it operates in. Likewise Dato’ Nazri said that if Edra were to undertake a project overseas, Edra would comply with any local participation requirements as a responsible corporate citizen.

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