

Construction & Projects

Large Scale Solar Power Plants – Fourth Competitive Bidding Round (LSS@MEnTARI)

The Ministry of Energy and Natural Resources and the Energy Commission had, on 28 and 29 May 2020 respectively, announced a fourth competitive bidding programme (dubbed the LSS@MEnTARI) to call for bids to develop up to 1,000MWac of large-scale solar power plants in Malaysia. Due to COVID-19, the Request for Proposal ("**RFP**") may only be purchased online from 31 May 2020 up to 5.00pm on 12 June 2020 at a price of RM2,000 per RFP.

Key features of LSS@MEnTARI from the announcements are as follows:

Participation	<ul style="list-style-type: none"> • Open only to locally-incorporated companies that are 100% owned by Malaysians. • Companies listed on the local stock exchange (Bursa Malaysia) may also participate in the programme provided that at least 75% of its shares are held by Malaysians. <p>This is in contrast with previous LSS programmes where shareholding by foreign players in the bidders was expressly allowed.</p>
Capacity Packages	<ul style="list-style-type: none"> • Package 1: An aggregate of 500MWac on offer, capacity of each plant to be between 10MWac - 29.99MWac. • Package 2: An aggregate of 500MWac on offer, capacity of each plant to be between 30MWac - 50MWac. <p>The maximum capacity that a bidder may bid for is 50MWac and a bidder may submit no more than three bids. This approach appears to be a mixture of the formats adopted in LSS1, LSS2 and LSS3.</p>
Scheduled COD	Expected to be no later than 31 December 2023.
Bid Closing	5.00pm, 2 September 2020.

It would be interesting to see whether LSS@MEnTARI continues the approach under LSS3 which limited foreign participation as main and EPC contractors, given that at least 26 bids are expected to be

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shortlisted under LSS@MEtARI (in contrast with LSS3 where only five bids were shortlisted). The approach would likely continue if the Energy Commission takes the view that there are enough local players with the necessary expertise and financial strength to take on all the projects.

LSS@MEtARI follows closely on the heels of the most recently concluded LSS programme (LSS3) which saw only five of the 112 bids which were received by the Energy Commission shortlisted. The fact that LSS@MEtARI allows only three months for bidders to prepare their bids (as opposed to the approximately six months under previous LSS programmes) has led industry players to observe that this could be an opportunity for some of the bidders who were unsuccessful during LSS3 to repurpose their submission packages for LSS@MEtARI.

As for bid prices, LSS3 saw aggressive bidding and the following table sets out the lowest and next lowest bid prices received by the Energy Commission for that programme, categorised according to the capacity packages under LSS@MEtARI. It is to be noted that there was no separation of capacity packages under LSS3 and a single plant could go up to 100MWac:

LSS3 Bid Prices		
Range of Capacity	Lowest Bid Price (Plant Capacity)	Next Lowest Bid Price (Plant Capacity)
10MWac - 29.99MWac	RM0.2339/kWh (29.9MWac)	RM0.2500/kWh (23.4MWac)
30MWac - 50MWac	RM0.2340/kWh (50MWac)	RM0.2477/kWh (40MWac)
Overall	RM0.17777/kWh (100MWac)	RM0.2297/kWh (75MWac)

Bid prices for LSS@MEtARI are expected to continue to be very competitive, though it remains to be seen whether bid prices will maintain at the level seen during LSS3 or if they will be significantly lower.

Please feel free to get in touch with any of the individuals listed below should you have any questions or require any additional information on the above or on matters relating to construction & projects or energy & resources.

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