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Construction & Projects

## Large Scale Solar Power Plants – Fourth Competitive Bidding Round (LSS@MEnTARI): Clarification on Foreign Participation

Following our previous client update (see [here](#)) on the announcement of the LSS@MEnTARI, the Energy Commission/Suruhanjaya Tenaga (“ST”) recently released its first response to queries received during 31 May 2020 to 16 June 2020 on the Request for Proposal (“RFP”), with some of the clarifications amounting to what appears to be a major shift from the initial position in the RFP on participation by foreign players in the LSS@MEnTARI.

To recap, the RFP provides that the LSS@MEnTARI is open only to locally-incorporated companies that are (a) 100% owned by Malaysians; or (b) if listed on the local stock exchange (Bursa Malaysia), at least 75% owned by Malaysians, it being understood that this was meant to restrict foreigners from holding shares in the bidding entity or any of its corporate shareholders.

The ST has now clarified in its response to queries that participation by foreign players in the bidding entity or any of its corporate shareholders will be permitted as long as participation is via “*non-convertible preference shares with debt characteristics and no voting rights are allowed*”. This represents a fundamental change in approach on the matter and it is expected that this would give rise to a significant increase in foreign interest in the programme which could, in turn, keep bid prices as - if not more - competitive than LSS3.

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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