

KBank, BAY provide 5 billion Baht loan to Thai National Power for power plant construction

KASIKORNBANK and Bank of Ayudhya have jointly provided credits of approximately 5 billion Baht to a U.K.-based company for the construction of a 110-megawatt power plant in Thailand. The power plant will provide electricity to the Electricity Generating Authority of Thailand (EGAT) as well as Siam Eastern Industrial Park Co. Ltd. (SEP), Rayong. Among 19 such power plants approved thus far, it is the first one that achieve financial close.

Mr. Vasin Vanichvoranun, Corporate Business Division Head, said KBank and BAY have provided 4.965 billion Baht of loans to Thai National Power Co. Ltd. (TNP), a subsidiary of International Power Plc. (IPR), one of the largest global independent power producers in the world, operates in more than 20 different countries and has its head quarters in London. IPR is listed on the London Stock Exchange and is included in the FTSE 100 index of the largest companies in the UK. .. The challenging of this financing is the tenor of 16 years with the concept of re-leveraging of existing operating assets and also the hedging strategy that will enhance the financial structure for further investment in the future.

Thai National Power Co. Ltd. will utilize the loans in constructing a small power producer (SPP) project with production capacity of 110 megawatts. Of that total, the company will provide 90 megawatts to EGAT with a 25-year purchasing contract, and 20 megawatts to Siam Eastern Industrial Park Co. Ltd.

In January 2008, EGAT was awarded the development of new SPP project to TNP Group under Thailand's Power Development Plan (2009-2021, the second revision), to boost electricity generating capacity by 30,392 megawatts. This small power plant will be established under the name of Thai National Power 2 Co. Ltd. (TNP2) with total project cost of around 5 billion Baht and scheduled commercial operating date (COD) at the end of 2012.

Mr. Vasin said the SPP project of Thai National Power is the first of 19 such approved power plants to successfully complete a financial facility agreement within this year. It is a highly secure project, with an assured and continually rising electricity demand from both EGAT and SEP.

U.K.-based International Power Plc., one of the world's largest power producers with 45 power plants in 21 countries and total production capacity of 20,648 megawatts in term of ownership, established its Thai subsidiaries, Thai National Power Group, with the aim of consistent power investment expansion. This is its second power plant project in Thailand, following its first such project in 2000. This continual investment reflects the company's confidence in the long-term economic fundamentals of Thailand and the Thai financial institutions which it chose as long-term financial arrangers and facilitators for its new project.

Financial and Investment

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