

INDUSTRY

Renewable energy unites trio

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Three leading industrial companies are joining to expand into renewable energy as they hope to gain higher investment returns and diversify risk.

UAC Global Plc (UAC), a chemical trader and renewable energy operator, QTC Energy Plc (QTC), a leading transformer producer, and Asia Green Energy Plc (AGE), a leading coal trader, will unite. All are listed on the Market for Alternative Investment (MAI).

Kitti Jivacate, chief executive of UAC, said the three partners agreed to invest in renewable energy but are waiting for clearer conditions and regulation to get a licence from the Energy Regulatory Commission (ERC), especially for biomass, biogas, solar power, wind farms and waste-to-power project.

"Large areas suitable for wind farms are very limited, so they might not be our focus," Mr Kitti said.

He said the chief executives of the three firms have been close friends since childhood and they tried to invest together in a biomass project in Prachuap Khiri Khan three years ago. That project failed to put together a public participation agreement.

UAC diversified into the biogas business three years ago and is in talks with several biomass operators in the North and the Northeast for mergers or acquisitions. He said the value of a deal would be worth around 700 million baht each.

"Merging with an existing biomass operator would help us avoid a similar failure to a few years ago," said Mr Kitti.

He said the three companies will invest together but will not set up a new company to run the project.

UAC announced its planned capital expenditures for 2015-2017 total 3 billion baht. It expects to invest in six biogas projects and merge with Advanced Polymer and Chemical Co.

However, the expenditures excluded

four new waste-to-energy projects that are awaiting licences from ERC.

Panom Kuansataporn, AGE's chief executive, said the company expects to diversify into the energy business as earlier this year it made plans to issue 1 billion baht worth of debentures to raise funds for 10 biomass projects with a combined capacity of 100 megawatts.

He said the first biomass project was expected to start operation in June.

AGE is an affiliate of Kok Huad Group, one of Thailand's biggest biomass feedstock suppliers.

AGE suffered from a sharp decline in global coal prices. However, it believes that business has bottomed out and will rebound.

The company planned cost controls this year to help raise income. It expects coal sales to rise 6% to 7 billion baht this year.

Poonphiphat Kuansataporn, chief executive of QTC, said he expected sales to rise 31% to 1 billion baht this year.