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## MYANMAR SOMEWHAT UNEXPECTEDLY SIGNS 4 MAJOR LNG/GAS-TO-POWER PROJECTS

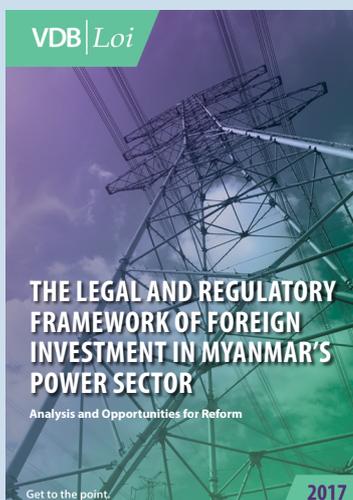
The Ministry of Electricity and Energy (MOEE) has yesterday approved 4 large gas/LNG to power projects. The MOEE is using a new approval instrument which they call the "Notice to Proceed" (NTP) (see our Client Briefing Note on this subject [here](#)). In a signing ceremony, the sponsors Total and Siemens, Zhefu and Supreme Trading, TTCL and Sinohydro and Supreme Trading were handed the NTP's confirming the Government's commitment to their projects. We saw several of these projects coming closer to some kind of an official approval, but the NTP issue was even news to some of the sponsors themselves up to last week.

Let's go over the 4 projects that will reshape the landscape of Myanmar energy as we know it today.

### Highlights of this note

- ▶ Total & Siemens consortium at Kanbauk in Taninthary Region
- ▶ Ayeyarwady Region LNG to Power project
- ▶ TTCL's LNG to power project at Ahlone, Yangon Region
- ▶ Sinohydro and Supreme Trading for Kyaukphyu

### THE LEGAL AND REGULATORY FRAMEWORK OF FOREIGN INVESTMENT IN MYANMAR'S POWER SECTOR



<https://goo.gl/WXNhVE>



## Total & Siemens consortium at Kanbauk in Taninthary Region

This one, we saw coming for a while. Probably the best known project of the 4 is the LNG to Power project Total and Siemens are developing at Kanbauk in Taninthary Region. Limiting ourselves to public information only, the project is reportedly a 1230MW gas fired power plant in Kanbauk as a prioritized project to be completed in the period between the fiscal years of 2019-2020 and 2021-2022 by the Ministry of Electricity and Energy. French energy giant Total has also started up their production from Badamya project located offshore 220 kilometers south of Yangon in Myanmar. The Badamya project involves the installation of a new wellhead platform connected to the Yadana production facilities, and the drilling of 4 horizontal wells to develop Badamya gas field as a satellite of Yadana. The project also includes a new compression platform. Total is the operator of the project with a 31.2% interest. Its partners are Chevron-Unocal (28.3%), PTTEP (25.5%) and the national company MOGE (15%).

The project includes an FSRU, a CCGT facility and a transmission line from Kanbauk to Yangon. Currently there is a 230kV transmission line as far as Mawlamyine, but it does not continue to Taninthary Region.

The MOEE's Dr Tun Naing said in parliament earlier this month that the first phase of about 600MW would be built in the 2019-22 period.

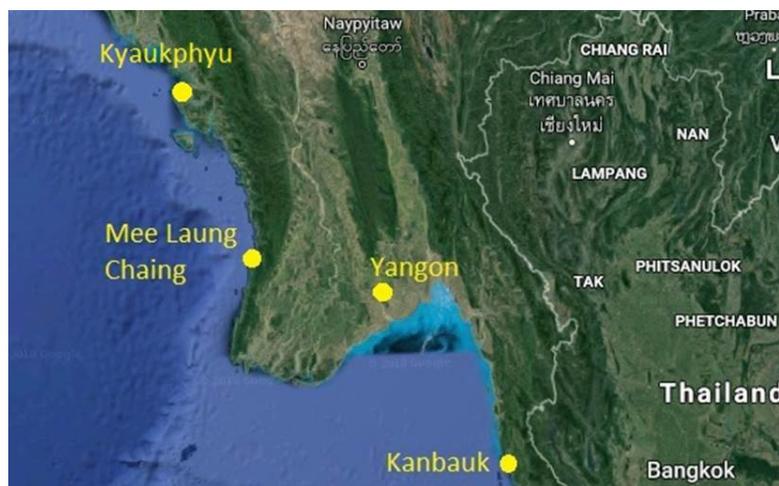
## Ayeyarwady Region LNG to Power project

One of the projects is a gas-fired power plant of 1,390 MW in the Ayeyarwady region, Patheingyi Township, Shwe Thung Yan coastal region, near Milaunggyaik village tract and Jade Latt village tract. It is set to be completed in the period between the fiscal years of 2019-2020 and 2021-2022 according to the Deputy Minister of Electricity and Energy, Dr. Tun Naing. The project, valued at US\$2 billion, will be developed by three international firms; namely, Hong Kong-based Zhefu Group, Gunvor Group from Switzerland and Supreme Group of companies from Myanmar. Zhefu Holding Group Co., Ltd. is a Shenzhen-listed public company with a wide business scope, including hydropower, nuclear power, oil and gas, and microfinance, among others. The Supreme Group of Companies is based

in Yangon, Myanmar, and its business is mainly water engineering, hydropower steel structures and construction.

Details of the investment were released by the project company along with environmental and social impact and assessment of the project by Ramboll Environ company from Denmark in Shwe Thung Yan Town at 4th July last year. Locals conveyed their general support for the project realizing that such a project could support the development of the region. Locals were also supportive of the condition that the Government remains responsible for the project.

Generated power from the project is intended to be transmitted to Ayeyarwady and Yangon regions for distribution and the project would include construction of large infrastructure including ports, breakwaters, FSRUs and transmission lines to Yangon. The investment companies said they will also implement CSR activities to help the development of the region's education, health, electrification and transportation sectors. Social media post suggest that the facility will be tied to Kyaukphyu, which is in Rakhine State but nearby to Mee Laung Chaing. Authorities say they will later extend the grid through Rakhine and Chin states and northern Ayeyarwady Region using power from Mee Laung Chaing.



## TTCL's LNG to power project at Ahlone, Yangon Region

TTCL, a joint venture between Italian-Thai Development and Toyo Engineering Corporation is developing a 356 MW gas fired power plant as the second phase to their original 121MW combined-cycle power plant in Ahlone Township, Yangon. The project is listed in the priority projects to be completed in the period between the fiscal years of 2019-2020 and 2021-2022.

The company also planned to invest more than 6 billion to establish two coal-fired power plants, one in Mon state with production capacity of 1,280MW and one in Kayin State with production capacity of about 1280MW. The project in Mon state was suspended due to local opposition while their project in Kayin state is also facing the same problem. However, the Kayin project has proven to be controversial with critics pointing out that the MoU for the project, signed with the Kayin State Government, contravenes the Electricity Law. The Electricity Law requires large scale projects in excess of 30MW to be executed with the Union Government. Time will tell on how the \$3 billion, 1,280 MW coal power plant project will unfold.



## Sinohydro and Supreme Trading for Kyaukphyu

Not many details are known about a 135MW Gas to Power project slated for Kyaukphyu, Rakhine State. Kyaukphyu features a planned Special Economic Zone of 4,000 acres, developed by CITIC, and a deep sea port with heavy Chinese investment.

Based in Beijing, Sinohydro is one of the three brands of the Power Construction Corporation of China ("PowerChina"). Sinohydro partnered with GE in Sarawak for a CCGT project, illustrating its interest in gas fired generation in the region. Sinohydro was involved in Mong Ton hydropower project, on the Salween River, where Three Gorges and Sinohydro (alongside Egat International Thailand) were the lead investors. They were also involved in Hatgyi hydropower project in Kayin state and Yeywa hydropower project on Myitnge river in Shan State.



## TIMELINES ACCORDING TO MOEE

- ▶ **Kanpauk**  
First phase - 36 months  
Second phase - 48 months
- ▶ **Milaunggyaik**  
First phase – 36 months  
Second phase – 42 months
- ▶ **Ahlone**  
28 months
- ▶ **Kyaukphyu**  
28 months

## CONTACT



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Edwin Vanderbruggen is one of the most prominent foreign legal advisers in Myanmar, and he is widely recognized for his experience in the energy and infrastructure space in Myanmar. Edwin's experience working with the Myanmar Government is second to none, as he advises the Government on privatization transactions and PPPs in energy, transport and telecommunications. He and his team have uniquely extensive experience in electric power, and were involved in four out of five of the Myanmar gas and renewable projects concluded in March 2016, and he advised the Japanese Government on their investment in the Thilawa SEZ. Edwin worked on the planning, negotiation, documentation and financing for projects of all types of power generation, including gas, coal, hydro, solar, wind and W2E in Myanmar. He also advises four of the 'super majors' on oil and gas interests in Myanmar and on the first LNG terminal in the country. He lives in Yangon.

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## ENERGY AND NATURAL RESOURCES TEAM

VDB Loi has created a practice team to support the partners comprising foreign and locally qualified lawyers and regulatory advisers work exclusively on Energy matters.



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The Energy team is led by Charles Magdelaine. Charles is a French lawyer qualified to practice in Paris educated in France, the United States and China. He has extensive experience in the documentation, financing and negotiation of energy projects in Southeast Asia, and Myanmar more in particular. Charles focuses on oil and gas, infrastructure, power and other natural resources projects.

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