

## Naypyidaw solar energy for businesses

When bids were opened in Myanmar's 1.06 gigawatt solar power tender on 9 September, a few names were repeated over and over: Sungrow Power Supply Co Ltd and China Mechanical Engineering Corporation, State Power Investment Corporation, China Gezhoubu Group and Xian Longi Clean Energy Co Ltd.

In the end, all but one of the winning bids for the 30 sites involved Chinese companies. The winners were decided based on price alone from among those that passed the technical criteria. Sungrow claimed nine sites and CMEC eight, while the most successful Myanmar firms were Shwe Taung Group and Khaing Lon Gems, which both worked with Chinese partners.

The ministry has already started negotiations on the power purchase agreement (PPA) with the first-ranked bidders, and letters of acceptance should be issued by early October according to the schedule in the tender documents.

The PPA only has to be signed within 150 days of the letter of acceptance being issued, but the tender rules also say that if the ministry cannot finalise the PPA with the first-ranked bidder within 15 days, it will start negotiating with the second-ranked bidder.

The result had been widely anticipated since it emerged Chinese companies had submitted the majority of proposals received by the 17 July deadline, but it is understood this left even Ministry of Electricity and Energy officials uncomfortable.

An official from the ministry's Hydropower and Renewable Energy Section said the ministry had been expecting bids mainly from companies that had previously submitted direct proposals, particularly firms from Western countries, Japan and Thailand.

Unusually, most of the winners do not have significant experience as independent power producers: Sungrow is an inverter manufacturer, for example, while Longi makes solar panels. CMEC specialises in engineering, procurement and construction (EPC). "How can we compete with our own panel suppliers?" questioned one person, whose consortium's proposal was significantly higher than the winning bid.

"The tender selection committee also didn't expect so many Chinese companies to bid and then they were aware of their lack of experience building and operating power projects," he said. "I think the committee delayed the announcement because they needed more time to look into the background of the companies that passed the technical criteria."

"In the case of liquified natural gas tenders [in 2019], the ministry knew the winning companies very well because it had worked with them before," he said. "But the lowest bid prices [for the solar projects] are from

companies that don't have much experience building or operating power plants. It made the selection committee nervous."

Under the terms of the draft PPA, the consortium cannot transfer more than 49% of the project to another entity within four years of commencing operations. The official suggested that the ministry might show some flexibility when negotiating the final PPA.

"I don't think this will be a problem. In our country, you can't follow the rules and regulations all the time, you act according to the situation. In this case, the ministry wants cheap electricity. The Chinese firms have offered it ... the ministry would have preferred Western companies if the prices were the same, but they are very expensive," added the official.

An industry insider working for a Chinese energy conglomerate said the bidding result "shows that Chinese companies are responsive and risk-taking in renewable energy ventures. It reflects the mature supply chains and business models behind the Chinese renewable energy industry's overseas expansion."

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