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Wednesday, September 26, 2007

Powering up Sarangani

By Edwin G. Espejo

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THE Alcantara Group of Companies is going to build a \$350 million coal-fired power plant somewhere in the towns of Kiamba and Maitum in the Province of Sarangani making the Socskargen area a new investment haven, a company official said Saturday.

Once the ambitious project pushes through, it would be the single biggest locally-initiated investment undertaking in the area during the last ten years. And by far the boldest in memory.

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"This power station will serve the requirements of Mindanao's distribution utilities, particularly those in the south, as well as those of the various industrial loads. It will be the cheapest new entrant in the grid when it becomes operational in 2011. With your support, this project will succeed and help prevent another power crisis in the Mindanao Grid," said former Trade and Industry secretary Tomas Alcantara during the 16th Mindanao Business Conference in General Santos on Saturday.

The proposed power plant, according to Alcantara, is capable of initially generating 200 megawatts (MW) of electricity or roughly 15 percent of the Mindanao grid requirement by year 2011, which incidentally is also the target year of its operation.

He likewise revealed that the plant design will have an ultimate capacity of 900 MW, "growing in 200-300MW increments to keep in step with the growth in Mindanao economy over the next 15 years."

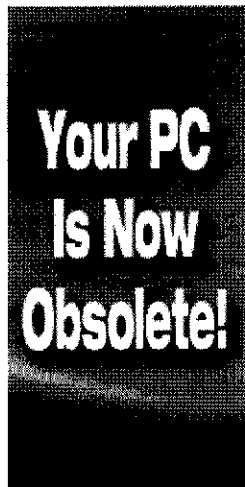
The project, now on its technical and feasibility study phase, will be undertaken by Alsons Consolidated Resources (ARC) Inc. and still undisclosed partners.

The groundbreaking ceremony for the multi-million dollar project is set for early next year.

Sarangani Governor Miguel Rene Dominguez immediately welcomed the development.

"We hope to attract more investors in this part of the region once the power plant becomes full operational," Dominguez said.

Clean and cheap power



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Joseph Nocos, vice president of Alto Power Management Corporation, said coal-fired power is relatively cheaper than most of today's diesel-powered electricity.

Alto Power is a member of the Alcantara Group of Companies and is undertaking the business development plan of the project.

"Coal-fired power is cheaper by P1.50 to P2 per kilowatt compared to diesel-fired electricity," Nocos told reporters in a press conference shortly after Alcantara made the announcement.

He likewise allayed fears that the proposed power plant will cause pollution and harm the environment.

"Today's technology has already made coal-fired power plant environmentally safe," Nocos said.

He also gave assurances that the project will adhere to and abide by all Philippine environmental guidelines.

"We will not be using the technology similar to those used by China and Russia some fifty years ago," Nocos said.

The Alcantara Group said it is willing to invest 10 to 15 percent of its project cost for environmental protection.

"(It is) an added investment that we believe is well worth the cost. It will be equipped with the latest environmental protection technology," Alcantara assured.

About 26 percent of the country's power supply is generated by coal-fired power plants. Among the biggest of these coal-powered plants is the 210MW STEAG Sate Power Inc. in Villanueva, Misamis oriental.

The Alcantara Group said it is currently negotiating for long-term financing from both local and international banks to finance the multi-million dollar project.

It has already identified the Kalimantan island of Indonesia as source for coal to power its proposed plant and has opened talks with companies now exploring the nearby Ned village of Lake Sebu in South Cotabato for coal deposits.

"When their explorations prove to be commercially viable, we shall source our fuel from them," Nocos said.

Nocos said they are no stranger to power generation.

The Alcantara Group now operates the Southern Philippines Power Corporation (SPPC), a 50 MW bunker oil-powered plant in Alabel, Sarangani.

It also built the Iligan and Zamboanga power plants, each generating 100 MW of electricity.

It also ventured into operation of power plants in China, Pakistan, Vietnam and South Sulawesi in Indonesia.

The Alcantaras were also among the first investors to venture into power generation when the Philippine government instituted reforms in the energy sector with the passage of RA 9136 or the Electric Power Industry Reform Act (Epira).

Keeping in step

Alcantara said Mindanao's strong performance in agriculture must be balanced with enhanced and sustainable growth in the industrial and service sectors.

He said the multimillion dollar gold and copper project in Tampakan by Sagittarius Mines and the proposed Hanjin shipyard and ferro-alloy plants in Northern Mindanao are likely to spur demand in public utilities and services.

"Sagittarius and the other mining projects, together with the shipyard and ferro-alloy projects, will need around 500MW of power over the next five to

eight years. We estimate that the power supply-demand balance will hang precariously starting next year and become completely inadequate by 2011," Alcantara said in rationalizing their power plant project in Sarangani.

He said with the rationalization of the energy sector the government is no longer allowed to build and contact new capacity.

"Clearly, the onus is on the private sector to build new generating capacity. Truly, powering the growth of Mindanao is the biggest challenge we face," Alcantara declared.

According to the Department of Energy, Mindanao's power demand will exceed its generating capacity by 2009, or barely two years from now. By 2008, power supply reserve margin in Mindanao will be down to 3.93 percent.

Alcantara said the proposed 200MW power plant in Sarangani will help ease projected power shortage by 2011 in this portion of Mindanao.

"Since the new power plant will be located in Southern Mindanao, it will fortify and stabilize the Mindanao Grid, making this part of the island less susceptible to line disturbances similar to what we experienced last Monday," Alcantara said.

He was referring to the power outage last September 24 that crippled more than half of Mindanao.

South Cotabato II Electric Cooperative (Socoteco II) is providing 90MW of power supply for General Santos, Sarangani and the towns of Tupi and Polomolok in South Cotabato from power supplied by Transco. Another 50MW is provided by SPPC for the same grid.

Power demand is however likely to increase over the next five years.

When Sagittarius Mines begins full scale operation in 2010, it will require at least 500 MW of power supply, further straining the area's power reserve.

More than power

Nocos said Sarangani will likely benefit beyond power generation.

"We intend to build a modern international-standard port complex somewhere in Maitum or Kiamba where we will possibly unload coal from Kalimantan. So, it is not just for power generation only," he revealed.

He said they chose the vicinity as location of their plant because of the area's excellent and "natural harbor."

"Agricultural products for export could be shipped from this (port) area," he said.

If this materialized, the three towns in the western portion of Sarangani will be in for an unprecedented growth.

Maitum, Kiamba and Maasim are rich in agriculture and mineral products and an international port complex could just be the key to their breaking out in the export market as well as tourism industry.

"With our pristine beaches and natural forest covers, Sarangani will become a premier tourist destination if these (modern port) facilities are in place," Sarangani governor Miguel Dominguez said even as he could not hide his excitement.

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