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PNOC-EDC bidders assured

By Paul A. Isla
Reporter

WHILE hoping to help boost the government's bid to privatize its 60-percent stake at Philippine National Oil Co.-Energy Development Corp. (PNOC-EDC) and address bidders' concern on the huge funding requirement, the Development Bank of the Philippines (DBP) on Monday assured the 24 potential bidders that it will consider providing staple financing package to whoever will need one.

"The magnitude [amount of investment] is quite substantial, and just to ensure there could be a smooth movement, we're [DBP] trying to arrange some staple financing," DBP president Reynaldo David said at the Prebid Conference for the privatization of PNOC-EDC.

He said the financing they plan to provide may augur well for the bidder to have some sort of backup financing. "This is not a promise, but we will try," assured the DBP head.

David admitted, however, that they have yet to determine to how much they will allocate for the PNOC-EDC bidders who will need financial backing.

"We still will have to talk with some banks. And under these current conditions, if the sentiments are strong then we will make it available for whoever wants to use it," David said.

Meanwhile, PNOC also reported that the 24 bidders submitted their letters of intent to bid for the remaining 60-percent stake in PNOC-EDC, the country's largest producer of geothermal energy.

PNOC-EDC controls over 60 percent of the Philippines' installed geothermal capacity, and whoever gains control of the company will have exclusive exploration and development rights over key geothermal areas throughout the Philippines through long-term contracts with the government.

PNOC revealed that the following expressed interest and submitted their letters of intent (LOI) to the PNOC Privatization Committee: ABN-AMRO Bank, Aboitiz Power Corp., Africa Israel Group—Asia Pacific, Alsons Consolidated Resources Inc., American Orient Capital Partners (Phils) Inc., Ashmore Energy, ATN Holdings Inc., Belo Gozon Elma Parel Asuncion & Lucilla, Basic Energy Corp., First Gen Corp., Geysir Green Energy care of Sycip Salazar, International Power Plc, Kanematsu Corp., Latham & Watkins LLP, Marubeni Phils. Corp., One Energy Ltd., Orix Corp., PCCI Securities Brokers Corp., Reykjavik Energy Invest, Rosalie A. Dimaano, Suez Energy Asia Co. Ltd., Sumitomo Corp., Sycip Salazar Hernandez & Gatmaitan Law Offices, and Triratna Holdings Corp.

PNOC President Antonio M. Cailao said the Philippines is the second-largest geothermal producer in the world, with PNOC-EDC accounting for the majority of the geothermal power produced.

The country may even overtake the world geothermal leader, the United States, in a few years, according to Cailao.

Investors are aware that PNOC-EDC is only one of a handful companies in the world with the expertise to explore and develop geothermal power, and that other countries as far as Papua New Guinea and the Middle East now tap its expertise.

"What does this mean? This means that knowledgeable investors recognize that PNOC-EDC, being a geothermal world leader that is up for grabs, is an opportunity that cannot be ignored," said Cailao.

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The prospective bidders shall submit to the privatization committee on or before October 5, 2007 the initial prequalification requirements in order to be considered for qualification.

The Committee will announce the list of prequalified bidders on October 10, 2007. Financial advisers for the PNOC-EDC privatization are DBP and ING.