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## AUTHORS



**Charles Magdelaine**  
Senior Legal Associate  
charles.magdelaine@vdb-loi.com

Charles is a 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.



**Khin Sandar Win**  
Legal Associate  
khinsandar.win@vdb-loi.com

Sandar is a graduate of the University of Southern California. She has experience in working at a real estate firm on land acquisition issues. She assists the Energy and Infrastructure team with clients on land due diligence and supporting senior staff member with negotiation of power project agreements to local authorities.

## POWER SURGE AT MOEE

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### New Managing Director at EPGE

On 21 June 2019, the government Gazette made an announcement regarding the appointment of U Than Naing Oo, who previously served as deputy managing director, as the new managing director of EPGE. At the moment, the position appears to be temporary but is expected to become permanent within the year. The reasons for U Khin Maung Win, the former EPGE managing director, leaving the position remain unclear at present.

### New retail tariffs

Following the change at the administrative level, EPGE proposed new electricity rates, effective from 1 July 2019. This price increase has been much anticipated following the Cabinet’s approval of the price increase earlier in April as well as the government being publicly vocal about increasing the electricity tariff as a sustainable solution for future energy generation. However, the substantial price increase is considered a largely unpopular move, ending the era of large government subsidies on electricity.

Myanmar has been delaying the signing of new Power Purchase Agreements this year; finding a compromise on the tariffs for new power plants has been the key point of issue with the private sector. Increasing end-user tariffs signals that the government might be

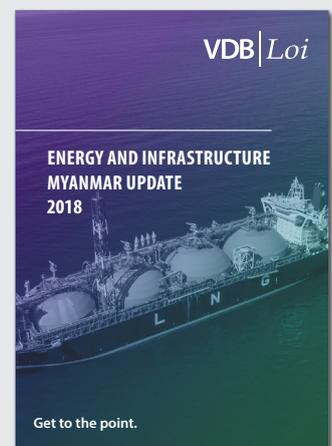
### Highlights of this note

- ▶ New Managing Director at EPGE
- ▶ New retail tariffs
- ▶ Tender open for power rentals

ready to sign new PPAs; however, it comes at the cost of consumers bearing the price.

The set structure of the tariff is varied depending on whether the electricity consumption is for domestic or industrial purposes. Industrial tariffs are priced at much higher rates than domestic tariffs. Industrial tariff now begins at MMK125 per unit — increase in price over 50%. Households with

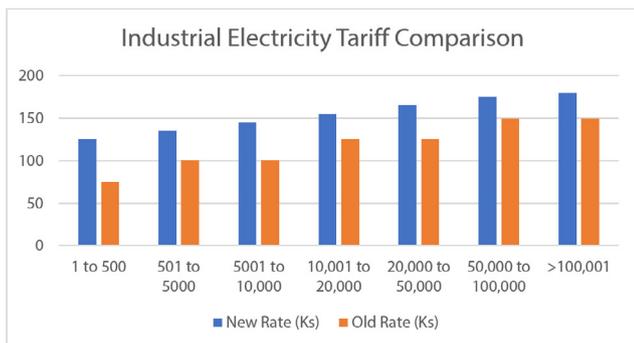
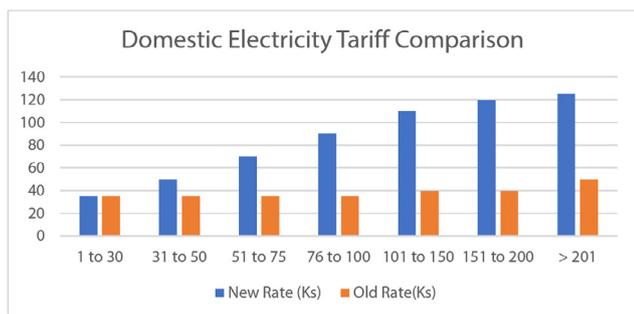
## DOWNLOADS



<http://bit.ly/2JyC97b>

low electricity consumption will not see much of a difference but for consumption above 200 units, the increase will be more than double.

Comparison of old and new electricity price as follow:



### Tender open for power rentals

On 28 June, EPGE has issued an [announcement](#) for five power rental projects amounting to a total of 1,040 MW. Installed capacity for each site ranges from 20 MW to 400 MW. As expected, the bulk of the effort is focused on Yangon.

It is confirmed that all projects will be on a Build Own Operate (BOO) basis with a concession of period of five years from commercial operation date (and not from the date of contract signing as it has been the case in previous projects).

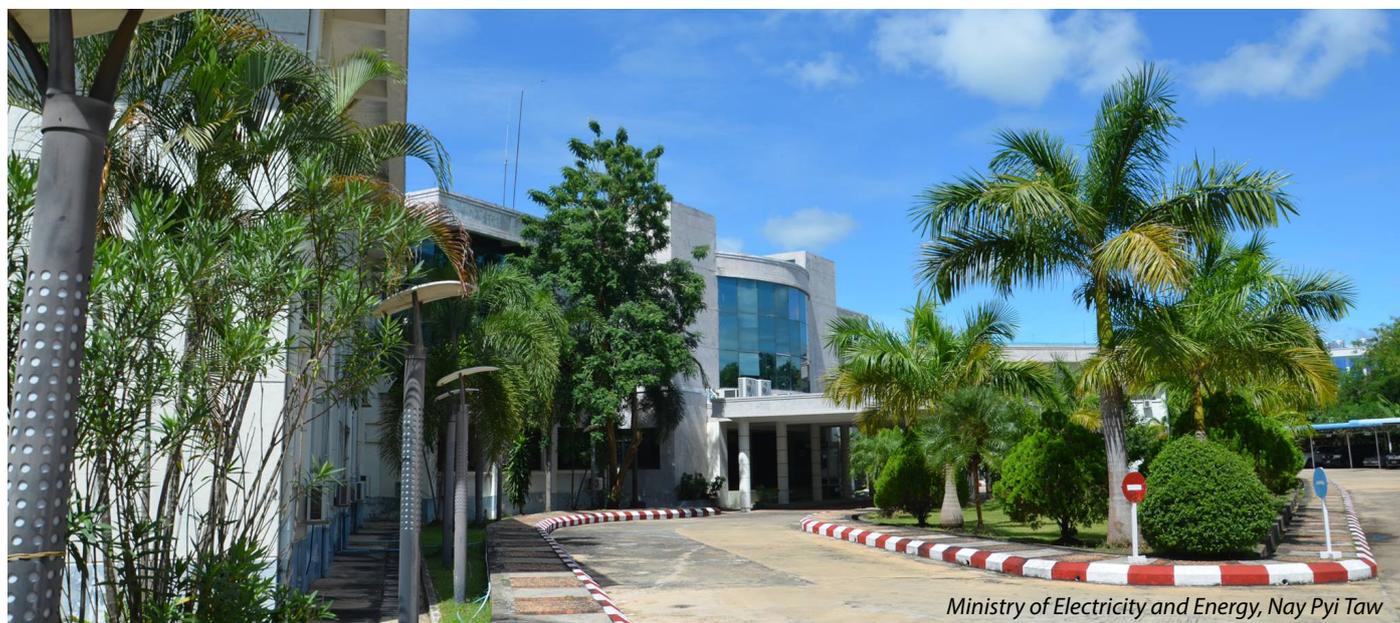
While it was originally thought that all sites would be powered by liquified natural gas (“LNG”), two of them will actually be powered by natural gas on a pass-through basis. This is encouraging as this has been a concern for most sponsors before.

Details for each site can be found below:

Lot	Location	Size (MW)	Comment
Lot 1	Kyun Chaung (Magwe)	20	Gas (Pass-through basis)
	Ahlong (Yangon)	120	
Lot 2	Kyaukphyu (Rakhine)	150	LNG to Power
	Thanlyin (Yangon)	350	
	Thaketa	400	

Timeline is relatively tight for the tender with site visits on 6 and 7 July and a proposal expected on 29 July. Interested sponsors may buy the tender documents at EPGE’s office during business hours. Deposit for the tender documents need to be paid at the Myanmar Economic Bank.

Please see a [note on power rental projects](#) prepared in May 2019 by VDB Loi.



Ministry of Electricity and Energy, Nay Pyi Taw

## CONTACT

### YANGON

Level 10, Unit 01-05, Junction City Office Tower,  
 Corner of Bogyoke Aung San Road and 27<sup>th</sup> Street,  
 Pabedan Township  
 T +951 9253752~756  
 F: +951 9253758

### NAY PYI TAW

Nilar #2, Business Center, Park Royal Hotel Nay Pyi Taw,  
 Jade Villa no. 13/14 Hotel Zone,  
 Dekhina Thiri Township  
 T: +95 678 106089  
 F: +95 678 108 092