

PRESS RELEASE

KOTA KINABALU, Mon. (Oct 7, 2013) - The global pursuit for renewable energy feedstock has arrived in Sabah.

State-owned POIC Sabah Sdn Bhd, the developer of the Lahad Datu palm oil industrial cluster (POIC Lahad Datu), signed a memorandum of understanding with Evolution Energy, LLC, of the United States that could translate into a RM500 million investment to produce gasoline, diesel, aviation fuel and clean burning coal from oil palm fronds and trunks by late 2015.

The American company was represented at the signing by its Chairman cum Chief Executive Officer, Dr Eugene Conti and company president Joseph Davis. POIC Sabah was represented by its CEO Datuk Dr Pang Teck Wai.

If all goes according to plan, Evolution Energy is expected to acquire about 50 hectares of land at POIC Lahad Datu for five plants - three for the production of liquid biofuels and two for manufacturing the environment friendly Nucoal, a solid bio-fuel. These plants that are estimated to require up to a million tonnes of biomass, mainly fronds and trunks, a year.

Though fronds and trunks are targeted as the main raw materials, the plants are designed to also process empty fruit bunches (EFB, from oil palm mills) and wood wastes from Sabah's timber industry.

Evolution Energy's entry into Sabah came in the wake of the launching last June of the Biomass Joint-Venture Cluster concept of aggregating EFB from most of the 130 oil palm mills spread across Sabah.

The JV cluster approach is the result of a joint initiative by Sabah's Ministry of Industrial Development, Lahad Datu oil palm mills, POIC Sabah and Agensi Inovasi Malaysia. It is being seen as the key that can unlock the potential for generating the targeted RM30 billion additional revenue from biomass as envisaged in Malaysia's National Biomass Strategy 2020, developed by AIM and part of the Malaysia's Economic Transformation Programme.

From its 1.4 million hectares of oil palm, Sabah produces about 26 million tons of oil palm biomass comprising fronds, trunks, EFB, palm kernel shells and mesocarp fibres.

Failure in earlier attempts at securing long-term biomass supply had kept investors at bay. The JV Cluster approach circumvented issues of pricing and supply tenure by bringing in the biomass owners whose capital injections into the proposed downstream JV companies will be in the form of biomass.

Evolution Energy is based in North Carolina, US. According to its official handout 'it pioneers new and innovative energy technologies that address the growing global demand for green power producing facilities'.

One of its businesses is the manufacturing of Nucoal, a coal substitute made from biomass that does not threaten the environment. Started in 2007, Nucoal aims to supply to the increasing number of coal-fired power plants that are being decommissioned in Europe and the US.

POIC Sabah Sdn Bhd
C C Pung