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SKE plans to become Thailand's first gas retailer for compressed biomethane gas from tapioca waste

SKE seeks to pioneer retail energy from tapioca waste

Compressed biomethane gas joins main CNG business

YUTHANA PRAIWAN

SET-listed compressed natural gas (CNG) service provider Sakol Energy Plc (SKE) plans to become Thailand's first gas retailer for compressed biomethane gas (CBG) in Nakhon Ratchasima, with an investment of 80 million baht.

CBG is made from the wastewater of a local tapioca flour mill, and the methane in CBG serves as a fuel to generate electricity.

Both types of gas can be refilled in vehicles and generate power.

Chutchai Sumethchotimetha, SKE's chief executive, said refill CBG stations are expected to open in the third quarter of this year.

The company plans to invest in another five CBG-related projects in the same province over the next three years.

Mr Chutchai said the first project is to acquire a 75% stake in RE Bio Fuel Co, in which

Fasang Woodchip Co, an off-taker of CBG with a seven-year supply contact, holds a 10% share.

"Our new CBG production will have a capacity of nine tonnes daily or 3,000 tonnes a year, but seven tonnes of the total daily capacity will be sold to Fasang Woodship, with the rest going to SKE's gas stations," he said. "This move is one of SKE's milestones to expand into renewable energy. We believe that our project can run commercially soon and serve long-term off-taker contracts."

Mr Chutchai said CBG production capacity will increase to 15 tonnes a day in the long run, once local demand catches up.

This project received 12 million baht in financial support from the Alternative Energy Development and Efficiency Department.

Energy policymakers liberalised CBG for the transport sector several years ago, but there have been no newcomers in the local market because the cost to transport CBG is too high for

operations.

Other planned CBG projects under a feasibility study are for both power plants and gas stations in Nakhon Ratchasima, which is Thailand's largest plantation area for tapioca production.

"Each project should have a daily capacity of at least nine tonnes, given that the province has more than 1,000 factories for tapioca flour milling," Mr Chutchai said.

Jakkraphong Sumethchotimetha, assistant to the chief executive, said global oil prices are likely to reach \$70 a barrel, creating an opportunity for CBG sales because the retail price remains lower than petrol.

But the CNG business is still SKE's core competency, for which sales volume at a daily average of 640 tonnes is expected in 2018, up 7% from last year's 600 tonnes.

SKE shares closed yesterday on the Stock Exchange of Thailand at 1.70 baht, up six satang, in trade worth 47.5 million baht.