



Singapore Utility Receives First Orimulsion Cargo

By Reuters

11 April 2005 - Singapore's second-largest power generation firm, PowerSeraya Ltd., has received its first cargo of orimulsion, a cheaper alternative to fuel oil, for its oil-fired plants under a 10-year contract, it said on Monday.

The utility will take delivery of 1.8 million tonnes of orimulsion each year under the deal with Venezuela's Bitumens Orinoco (Bitor), a unit of Petroleos de Venezuela (PDVSA), PowerSeraya said in a statement. The first cargo is 80,000 tonnes.

Business News Americas quoted PDVSA president and Venezuela's oil minister, Rafael Ramirez, as saying that orimulsion production was unprofitable in a climate of high oil prices.

PowerSeraya's managing director Neil MacGregor told Reuters he had received assurances from PDVSA that their contract would be honoured.

PDVSA had said it would not renew its existing orimulsion contracts, or sign new ones but will honour existing deals. PDVSA's decision to stop orimulsion production had prompted a lawsuit from Canada's NB Power. PowerSeraya's first orimulsion plant is expected to be fired in June. The capacity is in addition to another 250 MW generated by six steam plants using conventional fuel oil and another 370 MW generated by two units running on natural gas.

The utility has reduced its fuel oil purchases to 700,000 tonnes for this year from 1.0-1.2 million tonnes in 2004.

ChevronTexaco's Fuels and Marine Marketing (FAMM) unit had won the tender to supply fuel oil to the utility this year. Market levels for orimulsion fuel is discussed around \$26 a tonne. Compared with the average 180-centistoke (cst) fuel oil price of \$256.05 a tonne for 2005, up till April 11, there is cost savings of more than \$200 a tonne.
