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TENAGA NASIONAL ALLOWED TO DOUBLE LUMUT POWER PLANT CAPACITY

KUALA LUMPUR, Oct 31 (Bernama) -- Tenaga Nasional would be allowed to double its proposed Lumut power plant capacity to 2,000 megawatts (MW), Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

The move would enable the utility company to expand its electricity generation capacity as the government had decided not to issue any more licences to Independent Power Producers (IPPs).

Dr Mahathir was speaking to reporters after opening Tenaga Nasional's new office building "Bagunan Penjanaan" here.

Tenaga Nasional executive chairman Dr Ahmad Tajuddin Ali said the plant would be coal-fired to balance the energy mix for electricity generation. Gas accounted for 60 percent of the energy mix and hydro-electric power, fuel oil and coal made up the balance, at present.

"We are making the preparation, including planning and identifying the site with the assistance of the Perak state government," he said of the proposed plant.

A more detailed announcement would be made regarding the plant, which would be the largest coal-fired plant owned by Tenaga Nasional, he added.

On efforts to popularise the use of electricity, Tajuddin said Tenaga Nasional would team up with several household appliance makers to promote usage of electricity.

Other efforts included advertising on the convenience and reliable quality of electricity supply, he added.

Tenaga Nasional now has an excess capacity of 48.37 percent.

On the willingness shown by some of the IPPs to share Tenaga Nasional's cost in supplying electricity to the rural areas, Dr Mahathir said: "We welcome their willingness to fulfill social obligations."

However, he felt that the IPPs should widen the scope of the obligation by shouldering the burden of electrifying small towns.

While a cess fund was one way how IPP's could help electrify rural areas, other approaches were still being studied, he added.

"We want inputs from the IPPs who might have other proposals that we can consider," he said.

Asked about the different rates at which Tenaga Nasional was buying electricity from the IPPs, Dr Mahathir said it was previously forced to offer a higher rate to attract private sector investment in IPPs.

"But now we have decided only on the cheapest possible cost (of buying electricity)," he added.

He said although some of the IPPs were charging high prices, they would be charging the same rate for 30 years and Tenaga Nasional would benefit in the long run.

On the possibility of a massive blackout recurring in future, Dr Mahathir said there was no absolute guarantee against it since even the developed countries faced the problem.

"However, we want to reduce that possibility," he added.

At 4.20 p.m., Tenaga Nasional was up 10 sen to RM9.90 on the Kuala Lumpur Stock Exchange. -- BERNAMA

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