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IPPs, Tenaga to set up cess fund

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ELECTRICITY-generating companies in the country have agreed to set up a cess fund which will be utilised for the rural electrification programme and research and development activities.

The independent power producers (IPPs) and utility company, Tenaga Nasional Bhd (Tenaga) have also agreed on their respective contributions to the fund.

Energy, Telecommunications and Posts Minister Datuk Leo Moggie said the fund for the electricity industry is expected to be established by the middle of the year after details are finalised.

The fund was initiated after meetings between the Government, IPPs and Tenaga to iron out any hitches in the nation's electrification programme.

The meeting was prompted by Prime Minister Datuk Seri Dr Mahathir Mohamad's comments that the IPPs should share the burden of rural electrification with Tenaga.

The IPPs were represented at the meeting by Port Dickson Power Sdn Bhd, YTL Power Generation Sdn Bhd, Powertek Sdn Bhd, Genting Sanyen Power Sdn Bhd and Segari Energy Ventures and IPP association, Penjanabebas.

The idea of a cess fund was among the suggestions made by Penjanabebas in October last year as a possible means of sharing the burden of rural electrification and other social responsibilities with Tenaga.

"Both parties - the IPPs and Tenaga - have agreed to set up the cess fund at their meeting ... even their percentage of contribution has been agreed on ... only the implementation mechanics are not ready," he told reporters after opening the Energy Management Seminar for Senior Executives in Kuala Lumpur yesterday.

The Government, Leo Moggie said, has endorsed the agreement and it will decide on implementation mechanics which include fund collection as well as dispensation and usage criteria.

"The fund will be used for rural electrification and research and development activities which are necessary to support the electricity industry," he said.

Penjanabebas honorary president, Encik Ahmad Jauhari Yahaya and Tenaga's executive chairman Datuk Ahmad Tajuddin Ali when contacted by Business Times declined to comment.

About 4 per cent of rural areas in the country still lack electricity. The Government allocated RM251 million under the Sixth Malaysia Plan (1990-1995) for 1,000 rural electrification projects with 47,000 consumers.

Of the RM400 million allocated under the Seventh Malaysia Plan (1996-2000), 75 per cent is for Sabah and Sarawak.

Meanwhile, when asked about the report on the August 3 blackout last year by UK-based National Grid Co, Leo Moggie said, he sees an improvement in Tenaga's service. The consultant firm had carried out an in-depth study on power disruption and submitted its recommendations on remedial steps to prevent further outages.

Following the report by National Grid, the ministry set up a technical working group and management working group to look into the UK firm's suggestions.

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