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IPPs and Tenaga agree on fund for rural power jobs

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KUALA LUMPUR, Mon. - Independent power producers and Tenaga Nasional Berhad have agreed to set up of a cess fund to finance rural electrification projects and other activities to support the growth of the industry.

Energy, Telecommunications and Posts Minister Datuk Leo Moggie said today the IPPs and Tenaga have agreed on the quantum of their contribution to the fund but declined to give details.

He said the Ministry was still working on the details of the fund such as how to collect the money and the criteria for utilising the funds and this was expected to be ready by June.

"All electricity producers will contribute an agreed percentage for the fund which will also be used for other activities to support the electricity industry.

"The agreement between IPP and Tenaga has been agreed, but the mechanics of the disbursement is not ready," he told reporters after opening an Energy Management seminar for senior executives at the Putra World Trade Centre.

Moggie was asked whether the IPPs and Tenaga had agreed on how to share the burden of rural electrification.

The IPP association, Pejanabebas, had held meetings with the Ministry and Tenaga from last December to discuss the IPP's social obligations following the call by Prime Minister Datuk Seri Dr Mahathir Mohamad that they share the social responsibility with Tenaga.

The association had proposed the idea of establishing a fund to enable them to share the responsibility of providing electricity to the rural areas.

Dr Mahathir had said the IPPs should not demand high prices for the electricity because Tenaga had a social obligation to fulfil.

The Government, the Prime Minister said, might consider a halt in the construction of projects by IPPs.

Moggie said the IPP and Tenaga Nasional would not hold any more meetings to discuss the issue, adding that the Government had given its endorsement to set up the cess fund.

The five IPPs which took part in the meetings were Powertek Bhd, Port Dickson Power Sdn Bhd, Genting Sanyen Power Sdn Bhd, YTL Power Generation and Segari Energy Ventures Sdn Bhd.

The five IPPs collectively produce 29.3 per cent of the country's electricity at prices ranging from 12.5 sen to 15.5 sen per kilowatt hour.

On the report submitted by UK-based National Grid Group Plc which was appointed by the Government to conduct a study on the Aug 3 nationwide blackout last year, Moggie said Tenaga had taken steps to improve electricity supply and generation based on the recommendations by the consultant.

"We are concentrating on improving the services and I noticed there are improvements ... This is the result of the recommendations made (by consultant)."

The consultant firm had submitted 60 recommendations on remedial steps to prevent power disruption.

A technical working group and a management working group is looking into the National Grid's recommendations.

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