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IPPs praised for social work (HL)

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LUMUT, Thurs. - Prime Minister Datuk Seri Dr Mahathir Mohamad today praised independent power producers for carrying out their social obligations, especially at places where their plants are located.

Dr Mahathir said the Government welcomed the efforts by the IPPs such as donating towards the construction of mosques and adopting schools.

Speaking at the launch of Segari Energy Ventures Sdn Bhd's 1,303 megawatt combined cycle Lumut power plant in Segari, about 40km from here, he said besides contributing towards charity, the IPPs must also enhance research and development activities, and provide training.

"I understand the company (SEV) has adopted a school besides building a mosque in Kampung Segari and made other contributions," he said.

"I believe similar contributions have also been made by other IPPs and the Government appreciates such gestures," he added.

Dr Mahathir said he was also happy that the IPPs had agreed to contribute to the Electricity Supply Industry cess fund, amounting to one per cent of their total earnings, from power generation.

He said the fund, among other things, would be used to help reduce the Government's burden in implementing rural electricity supply projects.

SEV is owned by Malakoff Bhd (75 per cent equity), an associate company of Malaysian Resources Corporation Bhd. The other shareholders are Tenaga Nasional Bhd (20 per cent) and the Employees' Provident Fund (five per cent).

Among those present at the launch were Datin Seri Dr Siti Hasmah Mohamed Ali, Perak Menteri Besar Tan Sri Ramli Ngah Talib and MRCB executive chairman Datuk Khalid Ahmad.

Khalid, on behalf of SEV, presented a cheque for RM200,000 to the residents of Segari for the installation of street lights in the district. The cheque was received by Manjung district officer Shamsul Baharin Hassan.

Praising SEV for selecting a local company, Teknik Janakuasa Sdn Bhd to carry out the operation and maintenance of its plant, Dr Mahathir said local experts in electricity must be given the chance to prove their capabilities as the country did not lack such expertise.

The Prime Minister said the move to utilise local expertise, besides reducing the outflow of foreign exchange, would also help develop the capability of local experts.

He said this was important as it would later form the base in reverse investment undertakings.

"At present, we see Malaysian businessmen competing for power generating projects overseas like in China, Cambodia, India and several African countries.

"This is a healthy development and the Government welcomes such initiatives," he said.

Dr Mahathir also emphasised the need for the private sector to give priority to the use of local raw materials and expertise.

Urging local entrepreneurs to focus their energies and expertise towards expanding their operations, Dr Mahathir said opportunities in this era of globalisation should be seized so that the country would not be left behind.

With the expertise and experience gained so far, the Prime Minister expressed confidence that the private sector would be capable of competing

and venturing overseas.

Touching on the electricity industry, Dr Mahathir said those involved should not be satisfied with the achievements so far in power generation, service operations and maintenance.

"A bigger agenda that should be realised is to develop component manufacturing and fabrication in the electricity industry."

He said this was in line with measures to develop investments and intermediate goods aimed at reducing the import of such items which constituted 85 per cent of the country's imports.

Although it could not be denied that there were companies producing components for the industry, the number was still small and involved only in manufacturing simple components.

"Therefore we have to shift towards producing key components such as turbines, generators, transformers, switchgears and high capacity cables.

"Perhaps the private sector has reservations about venturing into this particular field due to limited markets in Malaysia," he said.

Dr Mahathir advised such companies to look further ahead, saying that the markets for such products could be found overseas.

Touching on power generation, Dr Mahathir said those involved must not be satisfied with having sufficient power but must ensure guaranteed supply all the time.

Stressing that the Government took a serious view of this, he said besides Tenaga Nasional, the IPPs should also take the responsibility of ensuring that their plants were well maintained and were operated efficiently.

Apart from ensuring consistent supply, the Prime Minister added that there was also a need to improve the quality of electricity supply.

"In our march towards high technology industries, quality supply is one of the most important factors. We must realise that the competition to attract investors and high-tech industries is becoming more intense."

On the Segari plant, Dr Mahathir commended SEV for successfully building a power generation plant with the largest capacity in the country. It is the largest in Malaysia and in Southeast Asia, and the third largest combined cycle power plant in the world.

Dr Mahathir said the achievement showed that Malaysians had the technical capability and finance to undertake huge projects.

The plant, comprising two blocks of three gas turbines and two steam turbines, was completed five weeks ahead of schedule for the first block and six months earlier for the second block.

To date, five IPPs, including the Lumut plant, are in operation with a capacity of 4,112MW.

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