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Power cess fund - RM36m annually

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KUALA LUMPUR, Sat. - Tenaga Nasional Bhd and the five independent power producers in the country are expected to raise RM36 million annually for the cess fund which is aimed at financing rural electrification projects and supporting the growth of the industry.

The IPP Association or Persatuan Penjana Bebas honorary secretary Datuk Lim Ewe Jin said this today.

He added that although IPP's and Tenaga Nasional would be required to make a reasonable contribution to the fund, "the sum need not necessarily be a percentage of their annual after-tax profits."

"The contribution is not expected to exceed a tax exempt contribution of one per cent of their annual energy export sales," he told the New Sunday Times, stressing that the sum should be reviewed regularly.

"The fund should cease when there is already a surplus, or the need for it no longer arises."

He suggested that the fund should be managed transparently as a trust fund and be administered by an honorary exco comprising representatives of all significant contributors.

"There should also be a clear term of reference which must be adhered to at all times.

"All IPPs had spontaneously supported and appreciated the need for such a fund, and we will be happy to work out the payment mechanism for it to be implemented immediately."

PPB held meetings with the Ministry and Tenaga since 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.

About four per cent of rural areas in the country still lack electricity.

The five IPP's 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 idea of a cess fund was one of PPB's suggestions in October last year as a possible means of sharing the burden of rural electrification and other responsibilities with Tenaga.

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

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.

For the financial year ended August 31 1996, Tenaga purchased RM2.275 billion worth of power from the IPP's. 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.

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