

02/09/1997

Tenaga to set up distribution unit (HL)

Wendy Lim

AFTER having hived off Tenaga Nasional Bhd's (Tenaga) generation and engineering arms, executive chairman Datuk Dr Ahmad Tajuddin Ali says he plans to set up a company to manage power distribution in every new district.

This is in line with Tenaga's plans to commercialise several of its operations so as to improve their efficiency and reliability.

Since heading the utility giant on September 1 last year, Tajuddin has successfully hived off its generation and engineering arms.

Tajuddin said he hopes to establish during his second year at Tenaga a new distribution structure similar to its generation counterpart.

But there may be some variations. While the new generation structure is managed by two companies wholly-owned by Tenaga, a new structure for power distribution may see Tenaga forming more than just two companies.

There is also a possibility of other companies taking equity in the new distribution entities.

For example, an "entity" may be formed to manage power distribution for a new district like Cyberjaya/Putrajaya. This entity may then open its door to equity participation by other private companies, with Tenaga as a major shareholder.

In other new districts, Tenaga may even be a minority shareholder, he told Business Times in an interview yesterday which coincided with the completion of his first full year in Tenaga.

However, the executive chairman stressed that "so far nothing is concrete yet".

"This is one of our options. If we feel this is suitable we will move in this direction," he said.

For existing districts or areas, Tenaga is toying with the idea of setting up another company to manage power distribution.

But Tajuddin admitted that there are "complications".

"At this point, we cover Peninsular Malaysia. Some areas generate good income while others are not so good - comprising of small consumers with monthly bills averaging RM20 to RM30 - located far apart from each other, and are prone to forces of nature such as uprooted trees. But we still need to maintain them.

"Today, distribution can be done to cover them because of the cross subsidy. When I turn the business to a distribution subsidiary, all these factors have to be taken into account as well."

Tajuddin said this consideration is also the reason Tenaga may not form a company for every existing area or region, as it is planning to do for new districts.

"If we set up small companies for each region, some staff might not be happy if they are based in a less lucrative area.

"This issue must be dealt with diligently so that nobody will feel cheated as it is for the best interest of the company," he said.

Tajuddin stressed that maintaining stability in the utility is important for it to be operated efficiently and effectively.

"For me, it is maintaining the stability of the company, for our workers to have a sense of pride in their work.

"This is one factor to consider in running a utility, not basing on the sentiments of the stock market, but from within the company as a service provider.

"So far, in running the company, I do not believe that I have upset the stock market. It is the 'bluest of blue-chips' and I will run it based on my best judgement on how to keep the company secure," Tajuddin said, when asked if the utility has plans to downsize.

A foreign stock broking house had voiced its disappointment over Tenaga for not optimising its utilisation of employees which it estimates to be in excess of 2,000 people.

Tajuddin dismissed any retrenchment possibility.

"We will continue to maintain the no retrenchment and zero foreign workers' policy. I believe that the company will achieve the right workforce size with normal attrition over time."

In terms of marketing strategies, Tajuddin said the company will see some aggressive marketing soon.

The utility, he said, will concentrate on enhancing sales by promoting electricity as a clean and efficient source of energy for household use and industries.

He added that efforts to get new customers, especially foreign investors to Malaysia, are carried out indirectly by Prime Minister Datuk Seri Dr Mahathir Mohamad and International Trade and Industries Minister Datuk Seri Rafidah Aziz.

"They are also 'our marketing managers' as they invite foreigners to invest here. Once they are here, our job is to provide them with electricity. Our marketing role is therefore to enhance sales and to be competitive," he added.

When asked on his achievements during the past year, Tajuddin said, "We have put in place some organisational structure ... that's a good feeling of a job done." He was quick, however, to say he was only implementing "what was discussed and mooted a few years ago".

Tajuddin, formerly the director-general of Standards and Industrial Research Institute, was appointed to helm Tenaga following a disruptive nationwide blackout on August 3 1996.

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