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Some IPPs say No to talks: Tajuddin

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SEVERAL independent power producers (IPPs) have agreed to cooperate with Tenaga Nasional in seeking a solution to its short-term cash-flow problems, but the national utility has also received a flat No to some of its approaches.

"Discussions are on-going on a one-on-one basis. Some are willing to discuss... some have sent letters to say No," Tenaga executive chairman Datuk Dr Ahmad Tajuddin Tajuddin said.

This followed Tenaga approaches which are specific to the IPPs' respective situations, taking into account factors like their individual financial positions, he said after launching the logo for Tenaga 2000 Expo and Forum in Kuala Lumpur yesterday.

Tajuddin was asked to comment on the progress of discussions between Tenaga and the IPPs, and whether the IPPs have indicated a willingness to re-negotiate the power purchase agreements (PPAs).

"I never used the word `re-negotiate'... but now that the Prime Minister Datuk Seri Dr Mahathir Mohamad has said it is okay, we may look into it," he said.

Dr Mahathir had last Saturday indicated that a re-negotiation of the PPAs is possible if they are not fair to any one party.

"This is what we have been saying... there is basis to what the Prime Minister said. But we will need to make sure that whatever we do is within the legal boundary," Tajuddin said, adding that the issue is a complex one and should not be discussed in the open in view of possible legal implications.

The basis for Tenaga's efforts on the matter remains ensuring that any solution arrived at is fair to all parties and that it does not adversely affect the country's credibility, he said.

While Tenaga is keen to have something worked out to ease its financial strains, it also does not want to see the interests of the IPPs, which have pumped in huge investments, jeopardised.

Apart from ensuring reliable electricity supply for the country and steering the company through this difficult period, all proposals will also be considered against the need to maintain investor confidence in Malaysia, Tajuddin said.

"We are not trying to take away their (IPPs') profits... we do not want to generate returns at their expense," he said. The company is only seeking cooperation to ease its cash-flow problems, for example, by easing payment terms and billing cycles.

\* See also p4

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