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Mahathir-Bakun

GOVT TO GO AHEAD WITH BAKUN PROJECT, TNB TO LEAD, SAYS PM

KUALA LUMPUR, June 8 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that the government will go ahead with the Bakun hydroelectric project with Tenaga Nasional Bhd taking a leading role in the multi-billion ringgit project deferred due to the economic downturn in 1997.

Dr Mahathir said that with the early recovery in the economy, "there was a need to continue with the project because electricity demand has picked up."

However, "there will be a slight modification in the project, perhaps towards a smaller-size power plant," he said after opening the World Renewable Energy Congress, here.

Asked on the new cost of the project which was originally priced at RM15.5 billion, he said that "it would run into several billions of ringgit because the currency (ringgit) has depreciated, but the cost would be viable."

On whether any other party would take part in the project besides Tenaga Nasional, he said that "anybody interested can come in."

Dr Mahathir, however, said that the government had to settle the matter with the previous developer, Bakun Hydro-Electric Corporation (BHC).

The project, has, since last December, been taken over by the Ministry of Finance Inc (MOF Inc).

He said that once the project had been legally taken over and the agreements signed, others would be invited.

Asked whether Tenaga Nasional would take full responsibility for the project, Dr Mahathir said that at the moment, it would be shared with the government.

On how soon the government would take over from the previous owner, the prime minister said: "I'm hoping today."

He said the country had not been setting up power plants for quite some time because of the recession.

"Our projection was that electricity usage will go down during the economic slowdown, but demand became higher than before the recession because of the early economic recovery," he said.

"So, obviously we have to put up the plant quickly," he said.

Asked whether Tenaga Nasional would hold 100 per cent share in the project, he said that it would be shared with the government, "not actually sold to Tenaga Nasional alone."

Asked how long it would take for the project to be completed, he said that "it will take some time to build a hydro power plant as it involves the construction of dams and other facilities."

He said there was also a need to start the Bakun project because "we are hoping to put aluminium smelters in that area and aluminium smelters require cheap energy" which could be supplied by hydro power plants.

Elaborating on the costs, he said the "the cost would depend on the scope of the project...we have not determined the scope yet. We actually want to put up a 500-mega watt power plant, but there are talks to go bigger."

Asked whether the project will now include undersea cable links between Peninsular Malaysia and Sarawak, Dr Mahathir said "there are second thoughts about it."

"The undersea cables involve half of the whole development cost," he

said.

However, he said the government was planning to have energy-intensive industries in Sabah and Sarawak.

"It is cheaper to supply Sabah through overland cables," he said.

-- BERNAMA

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