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TNB-ANNOUNCEMENT
TNB EXPECTS LOWER CAPITAL EXPENDITURE FOR 2002

KUALA LUMPUR, Jan 8 (Bernama) -- Tenaga Nasional Bhd will be announcing a lower capital expenditure this year compared with last year, said its chairman Datuk Dr Jamaludin Datuk Mohd Jarjis.

"The details would be announced by the chief executive officer/president (Pian Sukro) before the end of this week," he told reporters after a gathering for Tenaga Nasional staff here today.

He said TNB was issuing the statement in view of the varying projections made by the market.

Jamaludin said TNB would be able to issue more accurate projections this week following the government's forecast on economic growth for 2001 and 2002.

The government has projected an economic growth of one to two percent in 2001, while Prime Minister Datuk Seri Dr Mahathir Mohamad has said growth in 2002 would be about three percent.

Jamaludin said TNB's announcement would have the complete data on its power generating capacity, new power plants, reserve margins, projected demand and the capital expenditure (capex).

He said the capex was revised lower because of a lower growth in demand for electricity.

"Capex must generate revenue. It is only justifiable if it brings revenue or for future demand," he said, adding that capex was required for reinforcement of the system or to improve quality.

He said the constant need to look at ways to reduce capex was among the reasons why TNB recently agreed to SKS Ventures Sdn Bhd relocating the proposed coal-fired power plant at Pulau Bunting, Kedah, to Johor, at a location near the Port of Tanjung Pelepas.

He said the move would reduce the cost of construction of the power plant and SKS would be able to offer competitively priced electricity to TNB.

However, as there is still a need for a power plant in Pulau Bunting to cater for the northern areas, particularly Pulau Pinang, the construction of a gas-fired power plant there would begin this month, he said.

"The suppliers have been appointed, the design works have started while earthworks for phase one would begin this month," he added.

The Phase One, expected to cost RM500 million and be completed in two and a half years, would be able to generate 300 MW of electricity, he said.

On the divestment of TNB's 40 percent stake in the Kapar Power Plant, Jamaludin said the whole transaction was expected to be completed in the first quarter of this year.

He said TNB and Malakoff were expected to sign the sale and purchase agreement and the power purchase agreement soon.

He said TNB will be disposing its interest in at least one other power plant in the first quarter of this year, but declined to name it.

The sale of the stake would depend on the offer, if it is good, it would be sold, he said.

Jamaludin added that there had been a lot of enquiries and that the management was evaluating them.-- BERNAMA

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