

## **RM19b in subsidies for IPPs to be reduced**

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Fuel subsidies for the independent power producers (IPPs) are up for review and the rates will be reduced, Minister in Prime Minister's Department Idris Jala told Malaysiakini in an interview.

Taking the bulk of the subsidies for petroleum products provided by the federal government, Idris said some of the contracts were expiring and the subsidies offered are up for review.

It's being renegotiated. The negotiations are going on and we've concluded some of them. In due course, we'll be making an announcement," he said.

It would be up to Green Technology, Energy and Water Minister Peter Chin to make the announcement.

"The renegotiations are ongoing and we've drawn some conclusions on a few," Idris, who heads the Performance Management and Delivery Unit (Pemandu).

Asked if there would be a cut in subsidies for the IPPs, he said: "Yes, of course," without elaborating.

### **'IPP subsidies a big opium'**

An independent power producer is a private entity that owns facilities to generate electric power for sale.

There are currently 26 IPPs in the country, and all of them purchase gas at discounted prices.

The DAP has branded subsidies for the IPPs as 'big opium', following Prime Minister Najib Abdul Razak's remark, after the government reduced subsidies on fuel and sugar, that subsidies in general were 'like opium'.

According to DAP secretary-general Lim Guan Eng, the government had forked out RM19 billion in annual gas subsidies for IPPs and the commercial power sector.

In 2008, the gas subsidy granted to IPPs amounted to RM8.1 billion, while that to Tenaga Nasional Bhd was RM5.7 billion.

Najib had previously said that the government had budgeted for fuel subsidies to cost the economy RM11 billion this year but that the estimate had soared to around RM18 billion because of high international crude oil prices.

Malaysia spent 15.3 percent of the total federal government operating expenditure on subsidies in its 2009 budget, when its deficit surged to a 20-year high of seven percent of the GDP.

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