

'Gov't misled public on IPP contracts'

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The government's claim it is "powerless" to reveal power purchase agreements (PPAs) signed between Tenaga Nasional Bhd (TNB) and independent power producers (IPPs) is "misleading", an opposition MP insists.

The government is actually having a vested interest in not declassifying the contracts, the DAP's Petaling Jaya Utara parliamentarian, Tony Pua, said today.

The powerless nature of the BN government when it came to declassifying and renegotiating the PPAs, Pua (left) said, was in direct contrast to the powerful role it played to ensure that the IPPs enjoyed astronomical profits.

"Now, it just does not want the public to know what it did, and the fact that it prioritised the astronomical profits of these IPPs at the expense of the man-on-the-street," he said.

Energy, Green Technology and Water Minister Peter Chin had said the government has no power to make the PPAs public as the agreements were contracts signed between private entities.

When pressed on the matter, Prime Minister Najib Abdul Razak gave a non-committal response, saying his administration would look into it, and that the IPPs were not benefiting from the gas subsidy.

However, Pua maintained that the government's reluctance to make public the PPAs by claiming it was "powerless" to do so was in itself an act of neglecting public interest.

Government passing the buck to TNB

Although the government has been consistent in its responses on this issue, Pua, citing a 2006 interview with former TNB executive chairperson Ani Arope conducted by the Star, went on to condemn the government for its impassiveness.

According to Ani, TNB was literally forced to sign the deal, after the government's Economic Planning Unit (EPU) had negotiated the terms of the PPAs with the IPPs.

"It was all fixed up. (They said) this is the price, this is the capacity charge and this is the number of years. They said you just take it [...]," Ani had said.

Pua also quoted Ani, who disclosed an agreement with an IPP, believed to be Genting Sanyen, for the power company to purchase electricity at 12sen per kWh - but EPU forced TNB to raise the payment to 14sen/kWh, while other IPPs received 16 sen.

Pua said the government's position was questionable as it had passed the buck to TNB.

"The responses from the minister (Chin) are at best 'misleading' and at worst a lie, for the government has a vested interest in not declassifying these contracts, since it was the BN government itself that dictated the terms of the contracts to be signed," said Pua.

"Now that the interests of the IPPs have been served, the government reverts to its meek and timid role, using the excuse that its an agreement between 'private entities' and that renegotiations can only be done after the existing contracts expire."

Electricity tariffs were raised by an average of 7.12 percent beginning this month to bridle a soaring subsidy bill.

The price of natural gas rose to RM13.70 per mmBtu from RM10.70, and is to go up by RM3/mmBtu every six months until December 2015, after which market rates will apply.

The government gave TNB approval to increase rates by as much as 2.23 sen per kWh from June 1, the first hike after 2008 when tariffs were raised by 24 percent.

Pua called on Najib to "demonstrate moral and economic leadership" by declassifying the PPAs for public benefit.

Otherwise, he added, all Najib's rhetoric of 'transformation' would be just a facade for continuity and business as usual, with political cronyism placed first.

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