

'Awarding coal-powered plant to 1MDB a burden'

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The government's awarding of the latest 2,000-megawatt coal-fired plant to its own 1Malaysia Development Bhd (1MDB) has been questioned by Petaling Jaya Utara MP Tony Pua..

This bid, Pua pointed out, was selected despite it costing 25.65 sen per kilowatt hour (kWh), which is higher than YTL Power's offering of 25.23 sen kWh.

Describing the government's decision as unfair, Pua said awarding the job to 1MDB would result in higher cost of electricity to be paid by Tenaga Nasional Bhd, and the costs would eventually be borne by the industry and by ordinary Malaysians.

"This comes at a time when the government is cutting subsidies and claims that it is doing all it can to keep costs as low as possible. It will be a clear betrayal to the man-on-the-street if it chooses higher electricity prices," he said in a statement today.

"The cabinet must prioritise the interest of the rakyat and not the profits of its companies when deciding on the 'winner' of power plant projects," Pua added.

He said this in reference to a report that appeared in The Edge Financial weekly over the past week, citing sources, that the Energy Commission has decided to award the project to 1MDB at a cost of RM11 billion.

'Giving to 1MDB will cost RM2 billion more'

"The difference of 0.42 sen per kWh is estimated to constitute a difference of RM2 billion over the 25-year concession period," Pua said.

"What is more disturbing is the fact that documents sighted by The Edge, which stated that 'the EC's technical evaluation committee recommended YTL Power as the preferred bidder for the tender last December'," Pua said.

He went on to warn the cabinet not to make a mockery of the international tender exercise.

By selecting a higher bid compared with the lowest qualified bid, Pua said, the Malaysian government would be signaling to the entire world that any tender exercise conducted would only favour certain connected parties, such as 1MDB, whereas the real "winners" of the tenders were doomed to fail.

"The cabinet must acknowledge the strength of future open tenders in Malaysia will be highly dependent on the confidence of the participants in the system.

"If the global contenders lose faith in a level playing field, as promised by Prime Minister Najib Abdul Razak's administration, then Malaysia will not be able to attract the best quality and value contractors for our projects, resulting in a loss of competitiveness," he warned, pointing out that in the end, the consumers would be the losers.

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