

1MDB bought power plants for rakyat's benefit, says chief

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KINIBIZ Self-styled strategic development company 1MDB today explained that its controversial power plant acquisitions between 2012 and 2013 were a strategic initiative aimed at boosting the competitiveness in the power sector.

Speaking to assembled journalists today, 1MDB president and group executive director Arul Kanda said the acquisitions enabled 1MDB to consolidate several different independent power producers into one entity which ultimately contributed to lower tariffs.

“By combining three separate power companies, we were able to achieve synergies and economies of scale,” said Arul. “The sum of the parts is greater than the individual companies.”

Providing a specific example, Arul said that in a previous tender for power plants 1MDB was able to bid at a tariff rate that was 1 sen lower than the next competitor.

For a 2,000-megawatt power plant with a 20-year power purchase agreement, Arul said a 1 sen difference in the tariff rate would translate into RM2.9 billion in savings by Tenaga Nasional Bhd, sole off-taker and distributor of all power produced in the country.

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