

**A dangerous lesson in history**  
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**By G.Sharmila**

Humans in Tiger's homeland are up in arms over news that the Energy Commission has decided to award a combined gas turbine power plant called Project 4A via direct negotiations instead of the tried-and-tested open tender process. It's forcing Tiger to take a walk down memory lane...and the sights are not pretty.

Tiger is having a headache, thanks to one too many sangrias last night with her fellow tigresses. But Tiger was rudely awakened this morning by a loud beep from her computer, signalling that it was time to wake up and start working on her next tigeriffic piece.

And so she painfully dragged herself to her desk to re-read yesterday's news: that the Energy Commission is awarding the Project 4A power plant via direct negotiations instead of the usual competitive bidding route.

"Grrr!" was Tiger's first response when she read of this grossly unfair development yesterday, she then promptly called her besties and the rest as they say, is history.

But Tiger digresses. Direct negotiations for a multi-billion ringgit power plant project? How preposterous! Still plagued by a headache, Tiger popped a Panadol and waited for the sangria-induced fog to lift.

Fast forward an hour, and Tiger's no better, but lucid enough to write her say on the subject. First up, what the heck is wrong with the humans that rule the Energy Commission? They award contracts to build Track 1, 2, 3A and 3B through the much fairer competitive bidding process and then promptly change their minds for Project 4A (Track 4A)?

The uninitiated human may wonder why Tiger is all riled up over Project 4A. She has very good reason to, because direct negotiations mean that there is no control over the price of building the plant, mainly because no competition is involved.

And don't we all know that when costs surge, they will eventually trickle down to the consumers, who will have to pay higher prices for electricity.

This direct negotiation business is a case of history repeating itself, which leaves a bad taste in everyone's mouth. It's not the first time (remember that 1Malaysia Development Bhd was awarded the solar plant project in Kedah through direct negotiations) and unlikely to be the last.

Walk further down memory lane with Tiger and you'll see even uglier sights. Tiger remembers that back in the mid-nineties, humans were equally appalled when the government forced power producer Tenaga Nasional Bhd (TNB) to sign power purchase agreements (PPAs) with a number of independent power producers (IPPs).

The IPPs came about as a result of government efforts to ensure a stable power supply after a two-day blackout in 1992. TNB was at the time the sole power producer in the country. The government decided that the industry should be deregulated so that there would be no repeats of the 1992 incident.

The PPAs were the result of direct negotiations between the government and IPPs, giving TNB no choice but to purchase electricity generated by IPPs at prices higher than if TNB were to produce it.

This led TNB to pass down the higher electricity prices to consumers. To this day, many humans (and Tigers) believe they are paying higher electricity prices due to the 'legacy' of this forced industry deregulation and they would not be far off the mark for believing this.

In fact, in an interview with The Star in 2006, former TNB executive chairman Ani Arope alleged that TNB had been ready to plant up following the 1992 blackout, but that it was prevented from doing so by the Economic Planning Unit (EPU). TNB was ordered to surrender the land it had acquired to the government, and not long after the government announced plans to privatise power plants.

Ani Arope also alleged in the interview that it had no negotiations with the IPPs. TNB had to deal with the EPU, who gave TNB the terms and asked management to agree. Ani refused to agree.

In the interview, Ani also said that the pricing and terms of the PPAs “was all fixed up”. “They said you just take it and I refused to sign the contracts. And then I was put out to pasture,” he was quoted as saying.

Later, the government did put in the checks and balances to ensure that IPPs do not continue earning ludicrous profits from their PPAs, but the damage had already been done. The IPPs created overnight billionaires and many of them continue to profit at TNB’s expense even today.

Recall that among the first-generation of IPPs was YTL Power, often said to be the richest IPP. The same company is now tipped to win the Project 4A award as part of a consortium linked to the Sultan of Johor.

If indeed history does repeat itself and the Energy Commission decides to award Project 4A through direct negotiations, this would only serve to stoke the fire of discontent among members of the public, (not to mention TNB, which has also been keen on bidding for the same power plant project).

Tiger hopes that the rumours are not true and that the commission keeps to its word that Track 4A and 4B will be awarded via competitive bidding, but she’s not about to hold her breath. For it has reached Tiger’s ears that during a meeting with the commission on Tuesday, TNB union representatives were told by the commission chairman Abdul Razak Abdul Majid that the competitive bidding would continue, but that the government had the final say on the awarding of power plant projects.

Tiger is not pleased and wonders if this is a hint of darker days to come for the electricity industry and consumers alike.

GRRRRR!

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