

'Why was 1MDB awarded solar power plant?'

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By Anisah Shukry

Nurul Izzah says the government must explain the reasoning and lengths taken to accommodate 1MDB's power appetite.

KUALA LUMPUR: Government-owned firm 1Malaysia Development Fund (1MDB) was awarded a 50 megawatt solar power plant project through a direct tender from the government despite its dubious track record in the field, Nurul Izzah Anwar said today.

The PKR lawmaker and vice-president said the planned solar farm to be built on 300-500 acres of land in Kedah would become the largest in the country.

She said 1MDB's foray into solar power would crowd out Tenaga Nasional Berhad (TNB) and other smaller solar power players.

"The mega solar power plant being initiated by 1MDB has secured a tariff rate of somewhere between 40sen to 46sen per kWh.

"It cannot be determined if that is the best rate with present technology because it is learnt that it is a directly negotiated exercise," Nurul Izzah told a press conference at the Parliament lobby today.

"The government must immediately explain why it decided to embark on a direct tender exercise in the case involving 1MDB when SEDA had taken pains in the past to exercise open bidding through its transparent online open bidding systems for energy quota fixed between 1 megawatt and 5 megawatt in 2012."

The Lembah Pantai MP said the government must also confirm the type of support it provided to the partner, as well as 1MDB's technological partner or provider to gauge the extent of its risk exposure.

"Without any guaranteed off-take, and having to compete against conventional fuels, the cost of the 50 megawatt project could go up to RM900 million; despite photovoltaic prices being on a downward trend.

"Does 1MDB even have the track record and in-house expertise needed to run solar power projects? And where will the estimated 300-500 acres required for the 50 megawatt solar plant be?" asked Nurul Izzah.

She stressed that an Environmental Impact Assessment (EIA) study was required to ascertain the impact of operating a plan to the residents in Kulim, noting that the largest solar power plan in the world was situated deep in the US desert.

She further claimed that 1MDB had been on a “power hunt” of late, beginning with the acquisition of over RM10 billion in power assets of Tanjong, Jimah and Genting at allegedly inflated prices.

1MDB was also recently awarded an estimated RM11 billion for a 2,000MW coal-fired power plant project called Project B, despite its higher bid at 25.65 sen per kWh compared to its competitor’s bid of 25.23 sen, said Nurul Izzah.

“The government must explain the reasoning and the lengths taken to accommodate 1MDB’s power appetite, including a directly negotiated tender exercise despite the latter’s less than stellar standing in the financial world; change in audit company and its delay in filing to the Companies Commission included,” she said.

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