

1MDB helped keep electricity prices low? Nonsense, says Wong Chen

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By Robin Augustin

Kelana Jaya MP also says investing in Edra is contrary to national security as it is no longer owned by the Malaysian government but by China.

PETALING JAYA: PKR's Wong Chen has dismissed Abdul Rahman Dahlan's claim that 1Malaysia Development Berhad's (1MDB) participation in the independent power plant (IPP) industry helped keep electricity prices low, pointing to the coming electricity tariff revision.

Speaking to FMT, the Kelana Jaya MP responded to Rahman's remarks on 1MDB's alleged role in reforming the IPP industry.

The minister in the Prime Minister's Department had recently said that when 1MDB entered the IPP business, it always put in the lowest bid for every new or renewed power purchase agreement (PPA), and this pushed down the PPA prices for other bidders.

He added that the savings arising from the fairer PPA rates to Tenaga Nasional Berhad (TNB) and Petronas gas subsidies – estimated to be RM200 billion over the next 20 years – went back to projects and welfare that benefited the people while still keeping electricity prices low for everyone.

“Rahman can talk all he wants about how 1MDB lowered electricity prices.

“If his claim is true, why then is the government deferring the electricity tariff revision announcement to January 2018?” asked Wong.

On Sunday, The Star Online reported that the next electricity tariff revision for Peninsular Malaysia would be in January next year, after a previous agreement to maintain the current power tariff rebate of 1.52 sen/kWh from July 1 to Dec 30 this year.

“This is his typical bluster with no substance. He should provide exactly how much savings were made from lower electricity rates because of 1MDB,” said Wong.

He said this amount of savings should be compared with the almost RM18 billion allegedly stolen from 1MDB, as claimed by the United States Department of Justice (DoJ) in its civil suits.

Wong also took aim at the “reform of the IPP industry”, saying Putrajaya didn’t have the political will to actually reform the industry.

“Real reforms will mean total transparency of the contract terms, regulating profit margins and also having reasonable reserve margins,” he said, adding that the government wasn’t committed to any of these.

Wong had previously demanded that TNB announce the new electricity tariffs after the Energy Commission announced a new system that would increase the tariffs.

He said only TNB and the commission had data from the PPA on the cost of power generation from IPPs and that only by disclosing this information could the public judge if any increase in tariff was fair or not.

Investing in Edra ‘contrary’ to national security interests

Wong also delved into the issue of Edra Power Holdings Sdn Bhd’s initial public offering (IPO). His fellow PKR colleague Rafizi Ramli had called for investors to boycott it.

Rafizi had said institutional investors such as the Employees Provident Fund (EPF), Tabung Haji and Retirement Fund Incorporated (KWAP) should stay away from the IPO to avoid having public funds ensnared for a second time in the 1MDB controversy.

Rahman labelled Rafizi’s call as “economic sabotage”, but Wong disputed this, saying it was an “acceptable caution” due to the IPO’s connection to the 1MDB issue.

He also pointed out that Edra is no longer owned by the Malaysian government but by China, and that investing in Edra is actually contrary to national security interests.

Edra, the former holding company of 1MDB’s energy assets, was sold to China General Nuclear Power Corporation (CGNPC), an independent power producer, for RM9.83 billion in 2015 as part of a “rationalisation effort” to reduce the debts of the sovereign investment fund.

“This investment will be a tacit approval of the idea that foreign countries should be allowed to control our national power supply.”

Wong added that there was nothing wrong with Rafizi’s call for caution on the Edra IPO as the “whole market” knew that institutions such as EPF, Tabung Haji and KWAP are subject to political pressure.

“In view of the history of poor investments and loans to 1MDB, and also Felda Global Ventures (FGV), these institutions must now grow some backbone and resist political pressure.”

Wong added that all government-linked investment companies which wanted to invest in Edra must first explain to the public why they intend to invest in a China-controlled company.

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