

# Food for Thought

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## **TNB MUST REJECT TRACK 4A OFFER AND ENERGY COMMISSION MUST CARRY OUT TRANSPARENT COMPETITIVE BIDDING**

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PRESS RELEASE - 21st JULY 2014 (MONDAY)

### **TNB MUST REJECT TRACK 4A OFFER AND ENERGY COMMISSION MUST CARRY OUT TRANSPARENT COMPETITIVE BIDDING**

It has been more than a month since YTL Power International withdrew from the direct negotiation of Track 4A. By default the direct negotiation offer should have been null and void. However, Energy Commission, an agency that failed to carry out transparent competitive bidding, said the offer is still valid. Association of Water and Energy Research Malaysia (AWER) would like to reiterate that the reduction in cost of planting up a power plant only can be achieved via transparent competitive bidding process. Savings achieved from transparent competitive bidding will be passed on to electricity tariff for more than 20 years. This is the correct and ethical way of cost pass through mechanism.

Tenaga Nasional Berhad (TNB) as a Government Linked Company (GLC) must ensure it carries out pledges that government has outlined in 10th Malaysia Plan, Economic Transformation Programme (ETP) and Malaysia Electricity Supply Industry (MESI) reforms initiatives. Furthermore, all the 3 unions under TNB were also against direct negotiation of Track 4A and they are in full support of competitive bidding process. Therefore, AWER urges TNB to reject the direct negotiation offer by Energy Commission and pledge to support transparent competitive bidding process similar to YTL's pledge.

Technically, there is still sufficient time to construct Track 4A via transparent competitive bidding process. Track 4A is a combined cycle power plant (CCGT) which takes about 3 years (32 months to 36 months) to complete. Energy Commission must carry out transparent competitive

bidding process now and the Notice to Proceed (NTP) must issued by June 2015.

AWER urges the members of Parliament to form an investigation panel over fact twisting by authorities (namely Energy Commission and Minister of Energy, Green Technology and Water) in justifying direct negotiation of Track 4A. Due to the nature of engineering facts, the fact twisting by authorities failed miserably. These also highlight flip-flop policies that burden the Rakyat, businesses and investors. If Malaysia were to reach our Vision 2020, we need to effectively weed out fact twisters to ensure only correct facts are disseminated.

Equitable and affordable electricity tariff can only be achieved via transparent competitive bidding!

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

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