

Food for Thought

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MESSY ELECTRICITY GENERATION SECTOR: 1MDB'S TRACK 3B POWER PLANT PROJECT

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MESSY ELECTRICITY GENERATION SECTOR: 1MDB'S TRACK 3B POWER PLANT PROJECT

Association of Water and Energy Research Malaysia (AWER) has raised the issue of delay in Jimah East power plant (Track 3B) construction few times since we noticed that something was amiss during third quarter of 2014. There were options suggested to Energy Commission and Ministry of Energy, Green Technology and Water (KeTTHA) to ensure there will be no additional cost to electricity tariff. Unfortunately, the SLEEPING BEAUTIES were basically dozing off.

Today, KeTTHA minister has announced that Tenaga Nasional Berhad (TNB) will buy over 1Malaysia Development Berhad (1MDB)'s stake in the Project 3B coal power plant. The Commercial Operation Date (COD) of Track 3B will definitely be delayed as a new Financial Close must be met by TNB. 1MDB suppose to meet financial close for Track 3B in mid April 2015.

AWER foresee that the delay by Energy Commission and KeTTHA to act on Track 3B delay from actual COD will pass on additional fuel cost (around 1.33 cents/kWh increase in average electricity tariff for 6 months delay) due to absence of efficient coal power plant operation. In addition to that, there may be an increase in levelised tariff for Track 3B close to 1 cents/kWh due to Foreign Exchange risk compared to current 25.33 cents/kWh. Energy Commission and KeTTHA must own up to the mess they have created and reveal the new levelised tariff for Track 3B immediately. The levelised tariff is a cost that will be paid by domestic and business consumers. Therefore, both Energy Commission

and KeTTHA have no rights to be secretive about it.

People First, Performance Now, please deliver!

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

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