

Headline	Returning to opaque direct awards		
MediaTitle	The Edge		
Date	08 Aug 2016	Language	English
Circulation	23,635	Readership	70,905
Section	Corporate	Page No	5
ArticleSize	113 cm <sup>2</sup>	Journalist	N/A
PR Value	RM 2,608		



## Returning to opaque direct awards

Last week, Tadmax Resources Bhd was awarded a contract to develop a 1,000MW combined cycle gas turbine (CCGT) power plant on its Pulau Indah land. The award came directly from the Energy Commission (EC), following instructions from the Cabinet. In its announcement, Tadmax said Tenaga Nasional Bhd (TNB) would be invited to participate in the project.

Whatever happened to using open tenders to award power projects on a competitive basis?

The last two power projects — a 1,400MW CCGT plant to SIPP Energy Sdn Bhd, which is linked to the Sultan of Johor, and a 2,000MW CCGT plant to 1Malaysia Development Bhd's energy unit, Edra Global Energy Bhd — were also awarded directly.

To make matters worse, the EC has kept mum about the subject. Before becoming the regulator's chairman, Datuk Abdul Razak Abdul Majid was a vocal proponent of open tenders. Now, barely a word is heard from him.

The only publicly available information on the latest power project was revealed by Tadmax to Bursa Malaysia. Neither the EC nor the Ministry of Energy, Green Technology and Water (KeTTHA) has made any statements. The lack of communication was made painfully obvious when TNB announced that it had not been informed of the project. How could a key stakeholder like TNB, which is the sole off-taker and counterparty to the power purchase agreement, be kept in the dark?

Direct awards are not necessarily bad, although past lessons have shown that they can be costly to the rakyat if abused.

With no experience in developing power plants or the required technical expertise or financial muscle to undertake such a project, why was Tadmax chosen for it?

The EC and KeTTHA should be transparent and make public the rationale for the award as well as the conditions placed on Tadmax.