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Tadmax contract to develop 1,000MW CCGT causes stir

THE 1,000MW Pulau Indah Power Project that was recently awarded to property and engineering company Tadmax Resources Bhd by the Energy Commission (EC) has caused a stir among industry players and observers.

While Tadmax said in a filing to Bursa Malaysia that the project requires the involvement of Tenaga Nasional Bhd (TNB), the latter said in a separate statement that it has not been notified nor invited to participate in the combined cycle gas-fired power plant project (CCGT).

"According to the announcement, the award hinges on a few conditions including finalising the terms of the agreement relating to the project with relevant parties, and is further subject to changes arising from negotiations prior to submission to EC," TNB said in its four-paragraph statement.

The contradictory statements had caught the attention of the Association of Water and Energy Research Malaysia (AWER), which stressed "the importance of a competitive bidding process for power plant construction".

"AWER stands firm that we can only achieve affordable and equitable electricity tariff via fair and transparent competitive bidding," AWER presi-

dent Piarapakaran S said.

He said the cost of power generation technologies is something that is widely known among industry players.

"For a bidder to win the project, the bidder must be willing to lower its profit margin and bear some of the financial risks related to the project, to lower its financing cost of the project.

"The lower bidding price due to a lower financing cost and lower profit margin will translate into long-term cost saving for domestic and business consumers via the electricity tariff," he said.

While no actual cost was announced, an industry expert estimated that the CCGT project is worth around RM3 billion.

AWER added that building new power plants through competitive bidding is a promise stated very clearly in the 10th Malaysia Plan (page 114) and 11th Malaysia Plan (pages 7-40).

As such, AWER has also criticised the EC and the Ministry of Energy, Green Technology and Water (KeTTHA) for "back pedalling on the government's promise".

"Can the EC and KeTTHA guarantee that Tadmax will offer a fair and equitable levelised tariff? It is evident that direct negotiation will not be able to reduce levelised tariff," Piarapakaran said. — *by AYISY YUSOF*