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## IPPS AND THE CONSUMER: Be fair, transparent in deals

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IT is shocking indeed. After profiting from Petronas gas subsidies for many years and forcing the price of electricity to increase because of direct awards, independent power producers (IPPs) are now demanding that they continue to make excessive profits on unfair terms. According to the Petronas Group Financial Results Report 2009, Petronas incurred gas subsidies to the tune of RM19.5 billion during the year. Of this, RM5.4 billion was for Tenaga Nasional Berhad (TNB), while RM7.3 billion was for IPPs. Furthermore, whether TNB needs the power or not, it is forced to buy the output from IPPs. Thus, IPPs have guaranteed revenue and risk-free profits. The agency that prepared the agreement between the government and IPPs has refused to inform the public of the actual terms of the agreement. But the agreement was clearly unfair and lopsided. The IPPs gained, the people have apparently lost. Fortunately, the government later realised that IPPs were taking taxpayers for a ride and moved towards opening the market to efficient producers, thus lowering costs and benefiting consumers. It is strange that IPPs now want in on future bids for new power stations being planned, but want TNB to be excluded from such projects so that they can get them. They are citing the competition policy to create a so-called level playing field. The Federation of Malaysian Consumers Associations (Fomca) wants to remind private power producers that the competition policy was formulated to add value to consumers by reducing prices and increasing quality through open competition. The policy is not geared to keep the most qualified suppliers out of the market. In fact, agreements on power supply should be made public and transparent so that taxpayers know the truth about who profited and who lost in deals with IPPs. In all future agreements, Fomca calls for transparent agreements between power suppliers and the government. We have a right to know. The old days of closed contracts should be done away with. Fomca strongly stands by the idea that new power plants be built by the most cost-efficient suppliers and through strategies that add value to consumers. Agencies not competent to prepare an open and transparent agreement that benefits the public should be replaced with more competent officers or other bodies. Fomca supports the stand of the Energy Commission that awards for new power stations be given based on the principle of competitive pricing to best benefit consumers. The competition policy should allow for an open and free market. And in that market, if TNB is the most efficient and cost effective, then so be it. For IPPs, the time for excessive profiteering should be over. Datuk Paul Selva Raj, secretary-general, Fomca Independent power producers want Tenaga Nasional Berhad to be excluded from bidding for new projects.