

Block 'bad' IPPs from bidding for new plants

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Independent power producers (IPPs) which did not renegotiate their first generation power purchase agreements should be blacklisted from bidding for new power plants.



The Association of Water Energy Research Malaysia (Awer) president S Piarapakaran said in a statement yesterday the ban should also be extended to the subsidiaries of these errant IPPs.

"None of their shareholders or board of directors should be allowed to be involved in any new generation projects through any other new set-ups or other forms of entities," he said.

Lauding the move to call for an open tender, Piarapakaran added that removing these "bad apples" from the bidding process would allow greater

efficiency in the industry.

Piarapakaran was commenting on a notice issued by the Energy Commission inviting prospective bidders for the development of a combined cycle gas turbine power plant in Peninsular Malaysia.

This is to replace the first generation power purchase agreements and to cater for new demand beyond 2016.

Audit the expenses of IPPs

Awer also called for transparency in tariff setting by auditing the expenses of IPPs, including differentiating costs not related to electricity services such as running a university.

The NGO also suggested benchmarking the tariff on electricity services related costs internationally, and making the rates punitive and representative of usage by sector.

"Special Industry Tariff should be abolished," said Piarapakaran. He also called for optimum reinvestment to ensure minimum operational costs.

Awer wants the Ministry of Energy, Green Technology and Water to involve the public in tariff setting processes and make transparent the fuel cost pass-through mechanism.

"The government must be firm in protecting the people's interest and the country's growth. Malaysia needs an efficient, effective electricity industry to survive in the competitive global economic situation," he stressed.

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