1MDB should get best price

THERE is no reason why 1Malaysia Development Bhd cannot sell its energy assets held by Edra Global Energy Bhd to China’s government-owned China General Nuclear Power Corp (CGN).

To say that the government is mortgaging the energy sector to a foreign company is a misplaced sense of patriotism. How can selling a company which accounts for just 14% of the nation’s energy generation amount to foreigners taking control of electricity generation?

In any case, there is nothing wrong with opening up the economy. Foreigners control the hypermarket and insurance sectors. There are also more foreign than local banks. Why isn’t anyone protesting?

It must be noted that CGN made the highest bid at RM9.83 bil. The highest local bid was reportedly from Tenaga Nasional Bhd at RM8 bil. Why would 1MDB accept a lower bid when it needs funds to pare down its debts of RM42 bil? Are those who criticise the CGN deal willing to fork out the difference of RM1.83 bil to 1MDB?

When it was first reported that Tenaga was bidding for Edra Global, its shares fell on fears that it was a bailout. Tenaga is controlled by government investment arm Khazanah Nasional Bhd, whose ultimate shareholder is Ministry of Finance Inc (MOF Inc). 1MDB, too, is owned by MOF Inc.

So Tenaga’s bid was seen with suspicion and alleged to be a conflict of interest since the ultimate shareholder of both entities is the government. Indeed, when it was announced that Tenaga had lost out to CGN, its share price rose.

It is 1MDB’s responsibility to get the best price for its assets, even if it means selling to a foreign party. It should not take a haircut just to favour a local company.

It was also alleged that since CGN was paying a seemingly higher price for Edra Global, this will result in higher tariffs. Any increase in tariff will result in a public outcry and the Energy Commission will have to face the consequences.

It thus begs the question – why wasn’t the levellised (average) tariff revealed when CGN’s winning bid was announced? That would have nipped in the bud speculation and accusations.