EC: Track 4A job offer still stands

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KUALA LUMPUR: The Track 4A power project in Pasir Gudang, Johor, which was offered to a consortium comprising YTL Power International Bhd, Tenaga Nasional Bhd and SIPP Sdn Bhd, still stands despite YTL’s pullout.

Energy Commission (EC) chairman Datuk Abdul Razak Abdul Majid said as far as the commission is concerned, the project remains status quo and open, and it is up to the two remaining companies to discuss their next action.

“The offer still stands until they reply by July 27. We have not heard from them and they will have to come back to us eventually,” he said at a media briefing, here, yesterday.

The Track 4A project was awarded to the consortium in May via direct negotiations. The letter of award is for the building of a 1,000MW-1,400MW power plant, reported to be worth between RM11 billion and RM13 billion, on a fast-track basis.

Due to the controversies surrounding the job award, YTL Power withdrew from the deal on June 17, raising concerns on the viability of the offer.

Abdul Razak also clarified yesterday that future power deals may not necessarily be awarded via competitive bidding.

The EC may award projects via competitive bidding or direct negotiations, depending on the urgency and prevailing energy scenario in Malaysia and globally.

In 2010, the EC had pledged to award power deals via competitive bidding.

Meanwhile, three first generation independent power producers (IPPs), whose power contracts are expiring next year, saw their concessions extended for another 10 years.

This is because they agreed to have their power purchase agreements be revised downwards, enabling a savings of a few hundred million ringgit, Abdul Razak said.

The savings are in the form of a TNB-handled trust fund and will be used when the need arises, such as when production cost unexpectedly increases.

The three IPPs are TNB Pasir Gudang, 1Malaysia Development Sdn Bhd and Segari Energy Ventures Sdn Bhd.