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## Unbundling of TNB in progress

THE bigger task now for MyPower chief executive officer Datuk Abdul Razak Abdul Majid, a former Tenaga Nasional Bhd (TNB) corporate affairs senior vice president, is to shake up his former employer TNB.

MyPower is looking at unbundling TNB — splitting power generation, distribution and transmission units — a move that's arguably even more politically-sensitive than tariff revisions.

Razak's team has so far set new parameters for his old company to enhance efficiency and transparency. "Internally we did some clean up. TNB's accounts have been streamlined, we would like to separate regulated from the non-regulated components. We want TNB to be more transparent."

Even these corrections are not shining enough in the sector, powering at 4% to 5% annually, as industry watchers gripe of uncertainties that can drive out investors and question on "political will" to push reform agenda.

"There has been very good progress. The industry is directed towards becoming a more sustainable sector

and MyPower has done a good job. But decision makers need the political will to bring drastic changes," said a Kuala Lumpur-based analyst.

Delay in implementing the Incentive Based Regulations (IBR) that includes the fuel cost pass through (FCPT) mechanism, tariff revision and sector's subsidy withdrawal remain nagging issues.

"There's been lot of progress but uncertainties are still there. When IBR and FCPT will be introduced is key because this will impact tariffs and pass higher costs to consumers. There is need to remove the risk of higher energy prices.

"And who will monitor the implementation of IBR? The government must be more transparent and give confidence to investors, especially foreign investors," noted another power industry observer.

Razak says only 20% of work remains, primarily to oversee MyPower proposals are implemented and the agency is expected to wind down by year-end. — The Malaysian Reserve