

Headline	Small is beautiful		
MediaTitle	The Star		
Date	08 Jan 2014	Color	Full Color
Section	StarBiz	Circulation	298,821
Page No	1,3	Readership	1,839,000
Language	English	ArticleSize	347 cm ²
Journalist	DANIEL KHOO	AdValue	RM 16,160
Frequency	Daily	PR Value	RM 48,479



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'Small is beautiful'

Government mulls smaller IPPs in effort to ensure energy security

By DANIEL KHOO

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KUALA LUMPUR: The Government will be focusing on a smaller-scaled independent power producer (IPP) strategy moving forward to ensure energy security for the country, Energy, said Green Technology and Water Minister Datuk Seri Dr Maximus Ongkili.

"We are thinking of the 'small but beautiful' strategy. These include solar-powered IPPs (generating) about 5 to 10 megawatts. These are the issues we have to look at," he said.

"We are looking at a way for the big IPPs to be phased out after taking into consideration the energy security and stability of the (electricity grid). As in Sabah, we are looking at medium-sized to smaller renewable (power) plants to contribute to the need for increased (power) margins," Dr Ongkili added.

Meanwhile, responding to views that there was spare capacity being generated on the grid borne by the end users, he said that IPPs were paid on the basis of what they generated. "There is a meter that detects how

much power is sold to TNB, when it goes into the grid-pool it will be used by the whole of Malaysia.

"Yes, there is a margin of power (spare capacity generated) of about 25% to 28%, which is a comfortable level. For any developed country you will need these kind of margin," Dr Ongkili said.

"In Sabah, we've got 5% margin. When one or two IPP generators go to sleep or is down for maintenance, the state has negative capacity. We don't want this kind of situation," he added. He noted that eventually old generators ought to be retired while new IPPs for the purpose of increased margins 'cannot be stopped' should the price be right which could eventually lead to the replacement of old and inefficient power systems.

"We take it as what is being planned and what is important is the country's power security and sufficiency. It is a very open and competitive process now, if you are not good enough you won't qualify into the system," he said after PUC Founder (MSC) Bhd's listing ceremony yesterday.

"We also compare ourselves with the pricing per unit (of energy) with the rest of the world, including technology, management, financial considerations and so forth. The bottom-line is the country's energy security keeping in mind cost considerations to both the producer and consumers," he added.

Meanwhile, PUC group managing director Cheong Chia Chieh is confident of a double digit net profit growth for the company for the current financial year ending December 2014.

"I am very confident but revenue I'm not sure as we will focus on high margin products. We will further grow our existing businesses: firstly the e-content with our network and market share in China and this will fly," Cheong said. "Secondly, we will also build the business-to-consumer social media platform to connect businesses and consumers. And thirdly, we will invest into our subsidiary EPP Solutions for regional e-payments system."

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Cheong (left) handing over a souvenir to Dr Ongkili at the listing ceremony of PUC Founder.