

LIGHTS OUT

A power outage paralyzes the peninsula, and dents Malaysia's confidence

By Roger Mitton Kuala / Lumpur

A GUY GETS NERVOUS when his wife is about to give birth for the first time. But Malaysian executive Jiven Tan knew the private medical center in suburban Kuala Lumpur was top class. What he did not bargain for was a power outage. Says Tan: "When it happened, the first thing that raced across my mind was the safety of my wife and baby." He was not in the delivery room or he might have panicked. "She told me she was just about to begin the great push when everything plunged into total darkness." It stayed that way until the center's emergency generator kicked in. Soon after, a baby boy -- whom they named Seng Yan -- was safely delivered. Outside, some 20 million other people had their own tales to tell.

The lights went out across peninsular Malaysia at 5:17 on Saturday afternoon, Aug. 3, and remained out until dawn the next day. Factories were stilled, planes grounded and trains halted. Without traffic lights, drivers were caught in huge jams. Some people were trapped in lifts. There was a romantic touch -- in many restaurants, people dined by candlelight.

The nation's football cup final was called off and a 50th anniversary dinner for the Malaysian Indian Congress, at which Prime Minister Mahathir Mohamad was to speak, was canceled at a cost of \$100,000. Entertainment and shopping centers lost their top-grossing night. Even the casino at Genting Highlands was badly hit. Connie Ong, gaming analyst at TA Securities, notes: "For a day's shutdown, the casino stands to drop about \$8 million in earnings."

It was less than four years since a similar blackout in 1992, after which Malaysians were assured steps had been taken to prevent a repeat. Yet, it happened again -- and at the same location. A switchgear malfunctioned at a relatively small 160MW plant in Paka, northeast Trengganu state. The failure at that plant, run by the national power company, Tenaga Nasional, and at a bigger privately-run plant nearby, put so much strain on the grid that it began tripping in a cascading series of outages.

An angry and humiliated Prime Minister Mahathir initially left it to his deputy, Anwar Ibrahim, to comment. Said Anwar: "It is very unfortunate. The PM has given notice that we have to review the whole power supply system in the country. We cannot allow this to recur." It sounded familiar. After the '92 blackout, a team of British consultants was appointed to "look into all aspects of electricity supply and come up with solutions to prevent further power failures." Their recommendations were implemented. The problem, inadequate power generation, was tackled by adding five independent power producers. Malaysia now has a 32% reserve margin over its peak demand of 7,250MW. Apparently it was not enough.

After composing himself, Mahathir told the nation: "I feel very sad and ashamed. Where are we going to hide our faces? We invited people to invest, and now their factories are affected and the aircraft cannot take off." Many sympathized with him. Said Peter Jenkins, secretary of the International Chamber of Commerce & Industry: "One feels for him when he works so hard and people let him down."

Naturally, Tenaga came in for flak. Says Sophe Sheikh Ibrahim, president of the Federation of Malaysian Manufacturers (FMM): "Tenaga's Supply Unavailability Index has broken all records in

going from 300 minutes per year per customer to 1,260 minutes. Singapore's is only about 40 to 50 minutes. We have a lot of improvements to make." Tenaga, about 70% owned by the government, lost its generating monopoly after the 1992 blackout; now there are calls to remove its transmission monopoly.

The latest outage will be costly. Most companies shut down, including high-tech plants in the Klang Valley, Penang and Johor. G. Krishnan, chairman of the FMM's energy committee, says: "A quick survey of 40 of our members in the Klang Valley shows the blackout caused a loss of \$4.8 million. A day's shutdown will cost the manufacturing sector as a whole about \$49.2 million."

Perhaps the most embarrassing aspect is that it occurred around the launch of Mahathir's pet Multimedia Super Corridor. With the city full of head honchos from around the world checking out KL, they got the worst case scenario: no power. Says opposition leader Lim Kit Siang: "Is Malaysia going to have a super corridor of cutting edge high-tech, or a corridor of darkness?" Nearby Singapore, itself angling for the info-tech market, sold power to Malaysia.

What are the lessons? Jenkins says: "The obvious ones: complacency and attention to detail." Others point to the absence of accountability. They note that incompetence does not lead to ministers or businessmen resigning. Says M. Thayalan of the Consumers Association of Penang: "If top people won't be accountable, why should engineers?" Lim says: "Heads must roll. Not only at Tenaga, but also in the ministry."

Don't count on it. But not all are pessimistic. A Western diplomat notes: "It will not discourage foreign businessmen unless they feel it signifies systematic breakdowns." Still, two major blackouts in four years is suspiciously like a pattern. Comments the International Chamber's Jenkins: "It has sent out very unfortunate signals. It's bad news altogether." As the New Straits Times newspaper put it: "On Saturday evening somebody briefly turned out the lights on Malaysia's hopes and dreams." At least this time they came back on pretty quickly.

-- *With additional reporting by Steven K.C. Poh*