

PLN suspends power plant project over graft

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THE PRESIDENT director of Indonesia's state-owned electricity company PLN, Sofyan Basir, has said that the company has suspended its coal-fired power plant project in Riau (PLTU Riau I) after the Corruption Eradication Commission (KPK) named a lawmaker who is tied to the project a suspect.

Sofyan, whose house was raided by the KPK, said in Jakarta on Monday that a deal for the project had not been finalized after nearly two years of negotiation with a contractor.

He said PLN had submitted a letter of intent before shifting focus to a power purchase agreement (PPA).

"Because of this legal case, we will suspend the project to carry out specific studies," Sofyan, who was named a witness in the case, told a press conference in Jakarta on Monday. Previously, the KPK arrested Eni Maulani Saragih, a Golkar lawmaker, along with several others. Eni was accused of accepting a bribe from the owner of Blackgold Natural Resources, a company involved in the PLTU Riau I project.

PLN appointed its subsidiary Pembangkitan Jawa Bali (PJB) to handle the project - it owns 51 per cent of shares, while the remaining 49 per cent are owned by a consortium supported by China Huadian Engineering and PT Samantaka Batubara, a subsidiary of Blackgold Natural Resources.

Despite the decision, PLN did not automatically withdraw from negotiations, as the company said it needed to first study the case. "It is PJB that processed [the PPA] and it is PJB that will decide whether it will continue or end," Sofyan said.

He did not say when the project might resume.