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Power tariffs unchanged till year-end

REPORT ON B3



'No change in power tariff rates'

UNTIL YEAR-END: Govt to maintain rebate of 1.52 sen/kWh to users in Peninsular Malaysia, says minister

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ELECTRICITY tariffs in Peninsular Malaysia, Sabah and Labuan remain unchanged until year-end, but natural gas tariffs for the non-power sector will be raised by 5.95 per cent effective July 15.

This followed the government's decision to maintain power tariff rebate of 1.52 sen per kiloWatt hour (kWh) in the peninsula, said Energy, Green Technology and Water Minister Datuk Seri Dr Maximus Ongkili.

At the same time, the government continued to reduce the average electricity tariff by 1.20 sen/kWh in Sabah and Labuan effective tomorrow to December 31.

Ongkili said the government would absorb RM1.2 billion in electricity rebate for the next six months to keep tariffs at the current level.

"The ministry has agreed to maintain the electricity tariff rebate, which stands at 1.52 sen/kWh in the peninsula, and continue the reduction of average electricity tariff by 1.20 sen/kWh in Sabah and Labuan, effective July 1 to December 31.

"With the continuation of the rebate, there is no change in the current electricity tariff rates on consumers in Peninsular Malaysia,

Sabah and Labuan," he said at a press conference, here, yesterday.

The decision was due to the decline in the global liquefied natural gas and coal prices and better efficiency at coal power plants which had led to lower generation cost.

Another major factor was the review of the Imbalance Cost Pass-Through (ICPT) mechanism, in line with the government's efforts to reduce fuel subsidy by revising piped natural gas prices.

"Hence, the subsidised price of piped natural gas in the peninsula will be increased by RM1.50/MMBtu (million British Thermal Units) from RM18.20/MMBtu to RM19.70/MMBtu with effect this Friday," he said.

Ongkili said commercial and industrial users with electricity costs of at least five per cent of total operating costs were eligible for Special Industrial Tariff.

"These consumers will receive discounts ranging from 3.0 per cent to 10 per cent," he said.

In a separate announcement, Tenaga Nasional Bhd said an ICPT rebate of RM758.03 million would be distributed to consumers with monthly power consumption of more than 300kWh.

The ICPT mechanism allows TNB to reflect changes in fuel and gen-

eration costs in electricity tariffs every six months, subject to the government's decision and approval.

Meanwhile, Gas Malaysia Bhd said the natural gas tariff revision was in line with the national rationalisation plan and Gas Cost Pass-Through mechanism that would see a piped gas pricing review every six months.

In an immediate response yesterday, the Malaysian Rubber Glove Manufacturers Association (Margma) said its members had no choice but to absorb the sudden additional cost.

"We have no choice but to absorb the sudden cost increase as we're only given 16 days of lead time before the gas price hike takes effect," its president Denis Low Jau Foo told Business Times in a telephone interview.

Low said glove buyers typically placed orders two or three months ahead on agreed pricing. "The quantum of increase in our glove selling prices cannot be costed in until we are notified by Gas Malaysia."

Had the government given a longer notice of at least two months, glovemakers would be able to pass on the cost to the orders placed months ahead, Low added.

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