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MPMA expresses concern over base electricity tariff increase

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PETALING JAYA: The Malaysian Plastics Manufacturers Association (MPMA) strongly disagrees with the recently announced 14 per cent increase in the base electricity tariff by Tenaga Nasional Berhad (TNB).

This policy, poses significant challenges to the plastics industry, which is already grappling with mounting operational costs and economic uncertainties.

"The proposed base tariff hike attributed to TNB's projected CAPEX is unwarranted," commented CC Cheah, MPMA president in a statement.

"The anticipated increase in electricity demand, especially from data centers and other high-consumption sectors, is expected to generate higher revenue streams for TNB.

"These revenues should be sufficient to offset the rising CAPEX without imposing additional financial burdens on businesses and households."

Furthermore, Cheah said the argument for base tariff adjustments due to expected coal and gas price fluctuations is equally concerning.

The Imbalance Cost Pass-Through (ICPT) mechanism was introduced to manage such cost variances. It is imperative that TNB utilises the ICPT mechanism to cover these fluctuations rather than passing them onto businesses through higher base tariffs.

"The plastics manufacturing



MPMA says it is imperative that TNB utilises the ICPT mechanism to cover these fluctuations rather than passing them onto businesses through higher base tariffs. — Bernama photo

sector is particularly vulnerable to electricity cost increases," he explained.

"As an energy-intensive industry, most players in the sector operate on razor-thin profit margins of just three to six per cent.

"Additional electricity costs would exacerbate the existing financial strain, jeopardising the sustainability of an industry predominantly composed of small and medium enterprises (SMEs)."

While MPMA acknowledges the ongoing liberalisation efforts within the Malaysian power sector, it strongly urged the government to expedite the opening of the transmission and distribution segments to competition.

It added that in advanced economies like the US and UK, competition in these areas has driven efficiency, reduced costs, and enhanced overall competitiveness.

"Adopting a similar approach

in Malaysia would provide businesses with a more equitable and sustainable power supply framework. The MPMA appeals to TNB and the government to reconsider the base electricity tariff increase.

"A balanced approach that factors in the challenges faced by energy-intensive industries, particularly SMEs in the plastics industry, is crucial to maintaining the resilience and competitiveness of the Malaysian economy." — Bernama