

Headline	Be more objective on ICPT, industry reps told		
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## Be more objective on ICPT, industry reps told

KUALA LUMPUR: Manufacturers should be more objective when asking the government to be transparent and clear about the implementation of the Imbalance Cost Pass-Through (ICPT) mechanism as they should practise what they preach with their consumers.



This is not only limited to the energy sector but all sorts of investment, training, and business activities under the Madani government.

The Federation of Malaysian Manufac-

turers (FMM) recently said it was disappointed with the government's decision to maintain the ICPT mechanism surcharge for the first half of 2024 at 17 sen per kilowatt hour (kWh).

The manufacturers also called for more clarity on the mechanism while hoping for more details to be made available on why it made such a decision as industry players were aiming for a reduction in the ICPT surcharge following the overall declining trend in global fuel prices in 2023 and the six-month lag.

On a complaint made by FMM, Malaysia University of Science and Technology economics professor Geoffrey

Williams (**pic**) said that since the surcharge has not changed, it would not disadvantage businesses.

"The bills for high users are determined in the same way as before and will adjust in the same way so there should be nothing to complain about. Provided cheaper global fuel prices eventually feed into lower prices, there is no particular issue here," he told Bernama.

Implemented in 2015, the ICPT mechanism helps protect the industry against fluctuating fuel costs by reviewing fuel prices and generation costs every six months.

The mechanism also allows the utility company, Tenaga Nasional Bhd, to reflect changes in fuel and other generation-related costs in the electricity tariff as these costs are set based on benchmarked prices in the base tariff.

Williams said the ICPT surcharge was cut to 17 sen/kWh from 20 sen/kWh in July last year, therefore industry players have already benefited.

They are also enjoying a subsidised rate based on US\$79 per tonne of coal to generate electricity when the actual price is US\$110 per tonne.

"Global gas prices are similarly higher than those used to calculate the costs to industry, therefore they are benefiting quite a lot but we do not see them passing on lower costs to consumers when that happens," he said, urging the manufacturers to be more objective on the matter.

He stressed that these changes are part of the subsidy rationalisation programme that industry players have been calling for.

They will save money, reduce the subsidy to richer people, and reduce market distortions and this is what is expected and what stakeholders want, he said, adding that the government is delivering on its promises. – Bernama