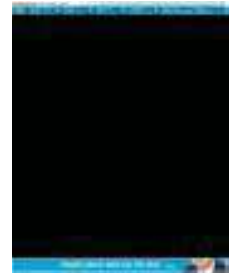


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# BUSINESS

## CHARGES STAY

THE electricity tariffs are unlikely to be lowered to match global gas and coal prices until July the earliest, says Tenaga Nasional Bhd.

» PAGE 16

PIC BY AMRAN HAMID

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## FALLING COAL, LNG PRICES

# 'ELECTRICITY CHARGES STAY FOR NOW'

Energy Commission sets base tariff on six-month basis, says TNB

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**T**ENAGA Nasional Bhd (TNB) does not expect electricity tariffs to come down immediately to match the international pricing of gas and coal.

This is because the Energy Commission sets the base tariff on a six-month basis.

TNB, in turn, uses its Imbalance Cost Pass-Through (ICPT) mechanism to determine whether there would be a surcharge or rebate on the base price.

The next tariff change is for the July-December period.

"TNB expects the regulation and rules to be maintained until the next meeting," said chairman Tan Sri Leo Moggie on the sidelines of the Perdana Leadership Foundation CEO Forum, here, yesterday.

He was commenting on Prime Minister Tun Dr Mahathir Mohamad's statement that the government was considering reducing electricity tariffs in the wake of falling global coal and gas

prices. Spot coal cargo prices for exports from Australia's Newcastle terminal have fallen by more than 30 per cent to US\$79 (RM322.50) per tonne from US\$118 per tonne in July last year.

Asian liquefied natural gas (LNG) spot prices for May deliveries dropped more than 60 per cent to US\$4.40 per one million British thermal units (MMBtu) from US\$11.81 per MMBtu in September last year.

Moggie said every six months, the Energy Commission would look at the international pricing structure and compare it with the base price of generating electricity. TNB would then use the base price on its ICPT.

The commission had set the base price at 39.45 sen per kilowatt hour on the assumption that the international coal price averages US\$75 per tonne and LNG at RM27.20 per mMBtu.

"If the cost of fuel in the previous six months is higher than the base price, TNB will impose a surcharge. If it is lower, consumers will enjoy rebates in the next six months," said Moggie.