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Energy supply crisis begins to show in gas and coal prices

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JOHOR BAHRU: Global energy supply disruptions are now exhibiting a lagging effect, as the impact, concentrated on the petrol market since last March, begins to spread to natural gas and coal.



Economy Minister Akmal Nasrullah Mohd Nasir (pic) said the lagging effect is beginning to impact electricity generation costs directly, particularly for consumers whose monthly electricity usage exceeds 600 kilowatt-hours (kWh).

"We now see the impact has spread to other energy supplies, including the prices of natural gas, coal and others," he said after presenting a mock cheque for the Johor Bahru Parliamentary constituency Health Clinic at Medan Niaga Kampung Melayu Majidee here on Thursday.

"The fluctuations affecting consumers using more than 600 kWh are based on fuel costs, known as the Automated Fuel Adjustment (AFA), which reflects fuel prices.

"That is the challenge we face because the lagging effect of the energy supply disruption, which began with petrol, is now increasingly being felt in other energy sectors, including natural gas, which usually takes three to four months before impacting current electricity tariffs," he said.

"Natural gas is a fuel that is burned to generate energy. Its impact is now being observed on a global scale. Typically, when the price of petrol rises, there is a 'lag effect' — a delay of three to four months —

before natural gas is affected.

"Today's discussion is about July and August energy consumption. There is a retrospective impact, that is, the cost of the fuel we burn to generate electricity has risen," he said.

Nonetheless, Akmal said the current tariff-setting mechanism is able to protect the majority of small-scale domestic consumers from being directly affected.

"There may be other aspects of the mechanism that Prime Minister Datuk Seri Anwar Ibrahim is reviewing that we can look into. Under the current tariff structure, most consumers using below 600 kWh are not directly affected in terms of the tariff position, or the supply price or fuel cost that we receive.

"We know that under the existing tariff structure, the tariff for those using below 600 kWh per month remains unchanged," he said.

To address the knock-on effects of the global energy crisis, he said the Prime Minister will chair a special meeting to reassess the tariff situation to reduce people's burden.

"I understand that the Prime Minister has said there is a need to convene a special meeting today to assess, evaluate and take into account the issues faced by the people," he said.

He also pointed out that current unfavourable weather conditions were indirectly contributing to a rise in daily energy consumption.

"When the weather is unfavourable, we advise people to remain indoors in safer places, but this may also contribute to higher energy consumption," he said. — Bernama