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More transparency

Of the 4.99 sen per kWh hike under the new energy tariff structure, 0.9 sen is for a hike in base tariff and is not related to fuel costs.

Base tariff, in a nutshell, is used to compensate and incentivise Tenaga Nasional to undertake capital expenditure to ensure an uninterrupted supply of power.

The 0.9 sen per kWh hike in base tariff is expected to net Tenaga over RM900 million per annum, which will go towards its bottom line.

The base tariff is regulated through a mechanism called incentive-based regulation that is administered by the Energy Commission. It is awarded to the utility if it achieves the key performance indicators (KPIs) set by the regulating authority.

But how the KPIs are formulated and what standards they are benchmarked against is not quite clear.

Considering that there is huge public interest in the impending 4.99 sen per kWh electricity tariff hike, any base tariff hike should be accompanied by a high level of disclosure.

The man on the street must be convinced that Tenaga needs a hike in base tariff even though the number of its customers increases every year.

For example, when the tariff is increased due to a rise in gas prices, the public can relate to the fact that the extra cost means the government is cutting back on gas subsidy.

But if there is a hike in base tariff, how will the public know that Tenaga really deserves it and that its inefficiencies are not passed on to the consumer?

This is more so as some former top Tenaga executives have alleged that the utility can be more efficient.

A higher standard of disclosure is needed now more than ever. **E**