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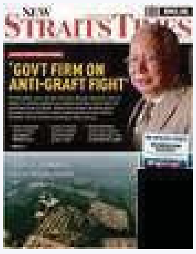

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TNB TO ABSORB UP TO RM150M

New Straits Times, Malaysia

FORGONE SURCHARGES

TNB TO ABSORB UP TO RM150M

800kWh exemption threshold shields over 8 million users from automatic fuel adjustment costs

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Tenaga Nasional Bhd president and group chief executive officer Datuk Shamsul Ahmad and group corporate communications head Samsul Ariffin Zainuddin during the press conference at Leo Moggie Convention Centre, TNB Platinum in Kuala Lumpur yesterday. NSTP PIC BY EIZAIRI SHAMSUDIN

TENAGA Nasional Bhd (TNB) will bear an additional cost of RM120 million to RM150 million between September and December due to foregone automatic fuel adjustment (AFA) surcharges.

The cost covers more than eight million domestic users consuming between 600 kilowatt-hour (kWh) and 800kWh of electricity.

This comes after the government decided to increase the threshold for domestic usage to 800kWh a month, which will not be subject to AFA surcharges, retail charge and service tax, from 600kWh.

The move follows public complaints that their electricity bills had increased drastically.

"We look forward to this (increasing the threshold) as it gives an immediate impact to the livelihoods of the people," said TNB president and group chief executive officer Datuk Shamsul Ahmad.

He said the parties had agreed in principle that the AFA charges would be absorbed from September through December.

The AFA charge for September is 3.67 sen per kWh, and it is projected to stand at 3.36 sen/kWh in October, 2.81 sen/kWh in November and 5.48 sen/kWh in December.

These surcharges are subject to change, as they are only forecasts by Single Buyer, a ring-fenced entity established in 2015 under the directive of the Energy Commission.

TNB previously said consumers had benefited since the introduction of the AFA in July last year, receiving RM3.1 billion in AFA rebates compared with RM800 million in surcharges.

Shamsul said the RM150 million was based on the projection of a maximum coal price at US$130 per tonne.

He does not foresee a repeat of the situation during the Russia-Ukraine war, when coal prices hit a high of US$460 per tonne.

With the exemption threshold raised to 800kWh, it is estimated that more than eight million users will be insulated from rising electricity generation costs.

The AFA turned into a surcharge in May from a rebate, after coal prices rose from around US$100 per tonne to a peak of US$131 per tonne in August.

The average price of coal has hovered around US$120 per tonne so far in September.

Shamsul said the figure, however, could rise further, but the forecast did not indicate that it would go beyond that level.

He said if the price were to rise beyond that level, the company would absorb the additional cost, even if it exceeds RM150 million.

"We can absorb, that is all I can say. We made a commitment, we honour our commitment," he said briefly.