

Headline	Tell us how it's calculated		
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TNB TARIFF HIKE

Tell us how it's calculated

IHAVE become immune to news on upward revisions of things that affect my savings and wellbeing. From single digit increases to two and finally three digit increases, and almost all of them coming by surprise.

The latest is the double-digit increase in the form of electricity rates. The new electricity tariffs will be adjusted under a two-part pricing structure.

The two components are the fuel component which accounts for 82 per cent of the new tariff, and the non-fuel component, which accounts for the remaining 18 per cent. Out of the 4.99 sen/kWh adjustment in the new tariff, 4.09 sen is fuel cost (3.41 sen for LNG, 0.51 sen for piped gas and 0.17 sen for

coal), while 0.9 sen is the non-fuel portion.

I am not able to comprehend this double digit increase. I hope someone can enlighten me on how the rate of increase came about as well as the breakdown in the fuel cost component.

The electricity generation mix in Peninsular Malaysia is roughly 47 per cent gas, 45 per cent coal and eight per cent, others.

By applying the breakdown given for the fuel cost component, gas (both LNG and piped) constitutes approximately 96 per cent of the total fuel used but the current generation mix shows only 47 per cent.

The breakdown also implies that the generation mix, using LNG, would be 83.4 per cent. I feel this is not the best option.

The average tariff rate is 33.5 sen per kWh, which is about 8.5 sen, or 25.3 per cent, below the "true cost" of power, estimated at 42 sen per kWh. Subsidies for the power sector alone are estimated to cost the government RM8 billion to RM12 billion per year, depending on the current prices of fuel, specifically gas.

With the increase in electricity tariff by 4.99 sen/kWh, the government will save around RM4.7 billion to RM7 billion in terms of subsidies.

I hope the money the government stands to save will be put to good use and interested parties will not use the Incentive-Based Regulation at the expense of the public.

Saleh Mohammed, Kuala Lumpur