

Headline	Power rates hike will trigger chain reaction		
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PETALING JAYA

Power rates hike will trigger chain reaction

PUTRAJAYA has been told to review the operational efficiency of Tenaga Nasional Berhad (TNB) as well as its agreements with independent power producers (IPPs) before approving an electricity tariff increase.

Sin Chew Daily claimed that unfair terms in the agreements signed between the IPPs and the government would translate into unfavorable electricity tariffs.

In a commentary yesterday, the paper said the Cabinet should also consider or explore other power generation methods such as wind and solar power to diversify power resources.

"It cannot be denied that the proposed electricity tariffs hikes between five and 10 per cent would certainly trigger a chain reaction in the society," it said.

The commentary said the de-

cision on the rates hike was still being considered by the Cabinet, but the people were already being forced to cope with rising prices.

"We understand the government is trying to trim government expenditure and budget deficit by progressively abolishing subsidies," it said

"But as a country which produces natural gas and petroleum, allowing a second rate hike in just two years would spark anger from the public.

"Moreover, this time around, the increase could be as high as 14.9 per cent, double that of the one in June 2011, at 7.12 per cent."

Sin Chew did not deny that TNB needed money to sustain its operations but asked that the government pay attention to chain effects following of the electricity tariff hikes.

"The government has given the assurance that the hike

would not burden low-income families as it would continue its RM20 subsidy on monthly electric bills to those residential customers whose electricity bills amounted to RM20 or less," it said.

"But the problem with rate hikes is that they would translate directly to increase costs of doing business, especially for those industries that rely heavily on electricity."

The paper said the the costs would eventually be transferred to consumers, and would catch people in another round of inflationary pressure.

"To make the problem worse, we will also have to prepare to face the financial impact of the six percent Goods and Services Taxes (GST) that will be implemented in April 2015," it said.

"With the people's living standards declining, how are we going to move towards the goals of a developed nation?"