

Headline	Tariff hike should affect low income group minimally		
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'Tariff hike should affect low-income group minimally'

KUALA LUMPUR: Consumers from the low-income group should be affected only minimally by the higher electricity tariffs expected next year, said the Federation of Malaysian Consumers Associations (Fomca).

Its chief executive officer, Datuk Paul Selvaraj, said there should be a provision for the usage by low-income consumers, especially those living in public housing and low-cost houses.

Energy, Green Technology and Water Minister Datuk Seri Dr Maximus Ongkili had said that electricity tariffs would likely increase by 10 to 20 per cent next year.

This was a move to promote efficiency and competitiveness in the country's power industry, and to ensure sufficient returns to capital for Tenaga Nasional Bhd (TNB).

Selvaraj said if the government was intending to change the power tariff rate, they had to minimise its effect on consumers and the poor.

"But more importantly I think, there should be more awareness by consumers on electrical consumption and purchasing of energy saving products before the new tariff is implemented. There is a lack of education on energy consumption," said Selvaraj.

There has not been an increase of power tariff rates since 1997 for domestic/residential consumers who consume up to 200 kWh (kilowatt-hour) per month.

The rate for this category of consumers has remained at the subsidised rate of 21.8 sen/kWh.

Selvaraj said the government should also come clean about the independent power producer subsidies and be transparent about the matter.

"We have been informed about the long-term rationalisation of subsidy but it should be communicated to the people as it may create various thoughts about such moves."

A tariff hike will see rates for both industrial and households increasing.

A 10 to 20 per cent hike would translate into an increase of 3.35 sen to 6.7 sen per Kilowatt-hour (kWh), to 36.85 sen to 40.2 sen per kWh.

In principle, this is still lower than the prevailing tariff rate of 33.5 sen per kWh, which is about 8.5 sen below the "actual cost" of power at 42 sen per kWh.

TNB's website stated that in June 2011, the electricity tariff was revised for commercial consumers (non-domestic/residential) after gas price was increased from RM10.70 per million metric British thermal unit (mmbtu) to RM13.70 per mmbtu.

This was partly to recover the increase in electricity cost of supply since the last base tariff review had been five years prior to that.

The adjustment on June 2011 saw an average tariff increase of 71 per cent, which was caused by a 28 per cent upward revision of natural gas prices to the power sector.



Datuk Paul Selvaraj says there should be a provision for power usage by low-income consumers