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'Tariff hike not enough to cover TNB costs'

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KUALA LUMPUR: The impending electricity tariff hike is still not enough to cover Tenaga Nasional Bhd's (TNB) annual cost and other expenses, a top industry executive said.

Energy Commission chief executive officer Datuk Ahmad Fauzi Hasan said although the increase provides some kind of relief for the national utility provider, in essence, it does not cover TNB's yearly expenditure of between RM6 billion and RM7 billion for working capital and maintenance.

"Even though it makes a net profit of RM4.6 billion, TNB still has to borrow and spend money to develop, upgrade and install new power generation, transmission and distribution infrastructure in Peninsular Malaysia, especially from the south to the Klang Valley, which involve billions of ringgit.

"TNB also needs to build new power plants, which involve massive financial resources, for the next 20 years because more and more existing power plants need to be shut down as they reach their expiration dates," said

Ahmad Fauzi on the sidelines of a power seminar yesterday.

Effective January 1, power tariff in Peninsular Malaysia will increase by 4.99 sen to 38.53 sen per kilowatt hour (kWh). The increase will be five sen per kWh in Sabah and Labuan.

Ahmad Fauzi said in tandem with the hike, the commission will keep a keen eye on TNB's expenses and operational efficiency.

It will also monitor TNB's power supply costs.

"We will make sure only efficient costs are included in the tariff," he added.