Rising costs of fuels cited for new tariff

THE rising costs of fuels such as domestic gas, coal and liquefied natural gas (LNG) are the main contributors to the review of the electricity tariff revision with effect from Jan 1. Energy, Green Technology and Water Minister Datuk Seri Dr Maximus Ongkili said prices of fuels such as domestic gas increased from RM13.70/MMBtu to RM15.20/MMBtu; coal from US$85 (RM279.39)/tonne to US$87.5/tonne and LNG imported at the market price of RM41.68/MMBtu. “The components of these fuels have contributed 81.96% or 4.09 sen/kWh of the overall tariff increase of 4.99 sen/kWh. Any change in the price of fuel will undoubtedly have a significant impact on the cost of electricity supply,” he said at the Dewan Rakyat yesterday. He was responding to a question from Datuk Othman Abdul (BN-Pendang) who wanted to know the rationale behind the ministry raising the electricity tariff when Tenaga Nasional Bhd (TNB) recently announced a quarterly profit of RM1.73 billion. Ongkili said while the net profit for the financial year ended Aug 31 last year was RM4.12 billion, it was not enough to balance out the cost of power generation and distribution. One of the ways to reduce the cost of electricity, which in turn will reduce the increase in tariff rates, were through TNB’s increased operational efficiency performance, he added. — Bernama