

Headline	No electricity tariff hikes for all until year-end		
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No electricity tariff hikes for all until year-end

THE government has halted any electricity tariff hikes for all consumer groups for the July to December 2019 period, as the coal and natural gas prices dropped from its year-high levels.

Coal and gas, which are used to generate 81.7% of the country's electricity in 2017 based on figures by the Energy Commission (EC), are exposed to global price fluctuations.

Coal, which accounted for 42.5% of the country's electricity mix, saw its prices tumble from around US\$100 (RM411) in January to around US\$75. Natural gas prices have also dropped from around a high of US\$4.50 per one million British thermal units (mmbtu) to US\$2.45 as at yesterday.

Energy, Science, Technology, Environment and Climate Change Minister Yeo Bee Yin said measures have been put in place to keep prices stable, despite the fluctuation of global coal and gas prices.

Yeo said the constant rate for the six-month period is set based on the average price of coal and gas prices between January and June 2019. The price of coal went as high as US\$100 per tonne in the first quarter of this year before averaging at US\$75 per tonne since April.

Last month, the EC announced that there will be no electricity tariff surcharge for domestic users for the July-December 2019 period.

It said the government has agreed to maintain the current electricity surcharge rate in Peninsular Malaysia at RM2.55 per kWh for non-domestic users, especially the commercial and industrial users, over the same period.

The commission said the rates were fixed after the government gave its



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Pic by Mhd Amin Nohari

approval for Tenaga Nasional Bhd (TNB) to continue implementing the Imbalance Cost Pass-Through (ICPT) mechanism in Peninsular Malaysia throughout the said period.

The ICPT is a mechanism approved by the government and implemented by the EC since Jan 1, 2014, as part of a wider regulatory reform called the Incentive-Based Regulation (IBR). The mechanism allows TNB to reflect changes in fuel and generation costs in consumers' electricity tariff every six months.

The EC said the surcharge pass-through in stages for non-domestic users was implemented following a review on the ICPT mechanism for July 1, 2018, to Dec 31, 2018, which showed an increase in fuel and generation costs of RM1.8 billion or 3.43 sen per kWh.

It said factors contributing to the increase in costs include the rise in average coal price to US\$97.84 per tonne against the forecast coal price of US\$75 per tonne set in the IBR base tariff for the

Regulatory Period 2 from 2018 to 2020.

TNB chairman Tan Sri Leo Moggie was quoted in April as saying that electricity tariffs in Malaysia are unlikely to see any changes, although there has been a dip in the global coal and natural gas prices.

He said the prices for coal and natural gas, which stood at US\$90 per tonne and RM28 per mmbtu respectively at the time, were still higher than the base rate of US\$75 and RM27.20 from the previous review.