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INCENTIVE-BASED REGULATION FRAMEWORK

GAS MALAYSIA RAISES BASE TARIFF

Revision will translate to average effective rate of RM31.92/MMBtu for July-December period, says company

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GAS Malaysia Bhd has announced the revision of natural gas tariff to RM31.92/MMBtu from RM30.90/MMBtu for the non-power sector in Peninsular Malaysia for the July 1-December 31 period.

The revision was approved by the government through a letter from the Energy Commission dated June 12, said Gas Malaysia.

“The government has prescribed the Incentive-Based Regulation (IBR) framework, which sets the base tariffs for a regulatory period of three years from January last year and allows changes in the gas costs to be

passed through via the Gas Cost Pass Through (GCPT) mechanism every six months.

“The average natural gas base tariff is set at RM31.92/MMBtu for the July-December period this year, in line with Gas Malaysia’s announcement on December 28 2016.

“Under the GCPT mechanism, a surcharge of RM0.77/MMBtu will apply to all tariff categories due to

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the higher actual gas costs against the reference gas costs in the base tariff during this period," said the company.

The tariff revision would translate to an average effective tariff of RM32.69/MMBtu.

Gas Malaysia said while the tariff revision had no material impact on its business operations, it was expected to contribute positively towards its financial year ending

December 31 this year.

The last tariff revision was in November last year for the period from January 1 to June 30 this year.

Under the IBR framework, the base tariffs will be set for a regulatory period of three years since January last year, which will allow changes in the gas costs to be passed through via the CGPT mechanism every six months.