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EC: Malaysians need to brace for possible electricity surcharge

Malaysians need to be prepared for the inevitable and use electricity prudently

THE Energy Commission (EC), Malaysia's regulatory body for the electricity supply industry, said the government is very concerned about tariff increases, however, consumers need to be mindful that electricity rebates will not continue forever and they must brace for possible imposition of a surcharge.

Electricity Industry Development and Market Regulation acting CEO and senior director Ir Azhar Omar said the helping hand would not last long and Malaysians needed to be prepared for the inevitable and use electricity prudently.

"We should be imposing surcharges but out of concern for the wellbeing of the people, the government is still using reserves to absorb the increase in costs because funds available may not be able to cater for future needs. People need to be prepared," he told *Bernama Radio* in an interview recently.

The interview on "Fixed Electricity Tariff" was broadcast at 6.15pm on July 11 over *FM Radio 93.9MHz* and via Facebook live social media platform.

Azhar said it was not because the government could not absorb the cost increase but it preferred to use the funds for the country's economic development, adding that the country needed a lot of financial resources to build hospitals, roads and others.

"The role of the commission is to ensure reliable electricity supply at reasonable prices by factoring in the costs of providing electricity and reasonable returns to the utility company, fuel supply costs and others," he said.

The EC did not want the country's

utility company, Tenaga Nasional Bhd (TNB), to profit excessively and is currently conducting an audit on the company to ensure that costs incurred during the first regulatory period were reasonable and efficient, as required.

"The first regulatory period will end on Dec 31, 2017. From Jan 1, 2018, we will begin the second revision for the second regulatory period," said Azhar.

During the first-generation power purchase agreement, most of the independent power producers (IPPs) made slightly higher profits, he said.

On that basis, the government has negotiated the rate which was set earlier, and upon negotiations, many IPPs agreed to reduce the prices.

"We have collected about RM1.8 billion. All the while, we use this fund to provide rebates and so on.

"Come December 2017, we would still have some balance (from RM1.8 billion), but from January onwards, I have to look at the revision, whether it's an increase or otherwise," said Azhar, adding that the EC had already utilised RM1.3 billion out of the amount it collected.

Another initiative that will adapt to the changing global backdrop is the imbalance cost pass-through (ICPT) rebate.

"The ICPT rebate policy is to offset costs that are beyond the control of the utility company.

"It is closely related to the world's fuel costs. If it cannot be passed on in terms of rebates or surcharges, these costs will have to be borne by the government," said Azhar.

For TNB to provide good service, he said it will require an income that can cover its costs.

"If the costs continue to escalate and income is still inadequate, eventually TNB will wind up and if the utility company closes down, service will decline and the government will be forced to bail out," he added. —

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