

Headline	Brace for possible electricity surcharge		
MediaTitle	The Edge Financial Daily		
Date	27 Jul 2017	Color	Full Color
Section	Home Business	Circulation	15,000
Page No	1,13	Readership	50,000
Language	English	ArticleSize	287 cm ²
Journalist	N/A	AdValue	RM 4,606
Frequency	Daily	PR Value	RM 13,818



Brace for possible electricity surcharge

Consumers should know that power rebates will not continue forever — Energy Commission 13 HOME

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The EC says consumers should know that power rebates will not continue forever

KUALA LUMPUR: The Energy Commission (EC), Malaysia's regulatory body for the electricity supply industry, said the government is concerned about tariff increases.

However, it said consumers should know that electricity rebates will not continue forever and must brace for possible imposition of a surcharge.

Its acting chief executive officer and senior director of electricity industry development and market regulation, Ir Azhar Omar, said the helping hand would not last long and Malaysians need to be prepared for the inevitable and use electricity prudently.

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

Azhar said it is not because the government could not absorb the cost increase but it prefers to use the funds for the country's economic development, adding that

the country needs a lot of financial resources to build hospitals, roads and others.

He said the EC does not want the country's utility company, Tenaga Nasional Bhd, to profit excessively and is currently conducting an au-

dit of the company to ensure that costs incurred during the first regulatory period are 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.

Under the first-generation power purchase agreements, 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 have agreed to reduce prices.

"We have collected about RM1.8 billion. All [this time], we [were using] this fund to provide rebates and so on.

"Come December 2017, we would still have some balance (from RM1.8 billion), but from January, I have to look at the revision, whether

it's an increase or otherwise," said Azhar, adding that the EC had already used RM1.3 billion out of the amount it collected.

Another initiative that has adapted to the changing global backdrop would be the Imbalance Cost Pass-Through (ICPT) rebate, he said.

"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. — *Bernama*