

## **Subsidy scandal: 'EPU blunders, rakyat suffers'**

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The government must explain the role of the Economic Planning Unit (EPU) in relation to the power subsidy scandal, as revealed by former Tenaga Nasional Bhd (TNB) chairperson Ani Arope in 2006.

In an interview with Star then, Ani said the EPU had coerced TNB into buying power from independent power producers (IPPs) at 23 sen per kWh, although the national power company could produce electricity at about one-third the cost.

Citing this and urging the EPU to explain, DAP secretary-general Lim Guan Eng (left) said there is no justification for Putrajaya to now push up the electricity tariff by 7 percent "when a review of the original terms of IPPs would be more than sufficient to cut the subsidy bill".

"The prime minister must answer why Malaysians must pay for the mistake or the imbalanced deal by EPU that is against the national interest, because it (has) benefited the few IPPs at the expense of 27 million Malaysians," he said.

Ani had also criticised EPU as being the 'Economic Plundering Unit', as it had forced TNB into signing "lopsided power purchase deals" for power it did not need.

Lim said Ani had preferred to resign from his post in TNB rather than agree to "imbalanced deals".

"This has resulted in Malaysia having the highest energy reserve margin in the world at 52.6 percent as at 2010," said Lim.

He added that the Federation of Malaysian Manufacturers has pointed out the power sector had yet to translate its advantage in fuel prices into more competitive electricity rates, despite paying less for natural gas compared to Thailand, Singapore and Indonesia.

Electricity tariffs have been raised by an average of 7.12 percent beginning this month to bring down a soaring subsidy bill.

The price of natural gas rose to RM13.70 per mmBtu from RM10.70, and is to go up by RM3 per mmBtu every six months until December 2015, after which market rates will apply.

The government gave TNB approval to increase rates by as much as 2.23 sen per kWh from June 1, the first hike after tariffs were raised by 24 percent in 2008.

Prime Minister Najib Abdul Razak said the IPPs are not benefiting from the gas subsidy and the tariff hike will not burden 70 percent of the population.

Energy, Green Technology and Water Minister Peter Chin said the government has no power to make the power purchase agreements public as these are contracts signed with private entities.

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