

'Oil royalty no excuse to not cut power tariffs'

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Sarawak DAP today criticised Sarawak Chief Minister Adenan Satem for saying that electricity and water tariffs will only be cut if the state gets an increase in oil and gas royalty.

According to Sarawak DAP chief Chong Chieng Jen, Sarawak power provider Syarikat SESCO Bhd "can afford to lower tariff by 30 percent" even without the oil royalty boost.

The state is currently negotiating with the federal government and Petronas over the increase of oil and gas royalty from five to 20 percent as requested by the State assembly in May this year.

"I urge the state government not to find excuses to delay the lowering of the electricity tariff in Sarawak especially in light of the escalating costs of living and to help ease the financial burden of the people, especially when it can afford," said Chong, who is also Bandar Kuching MP.

He said in the financial year ended Dec 31, 2013, SESCO generated a revenue of RM2.31 billion made a pre-tax profit of RM408.5 million.

Adenan (right) on Sunday said that the state needs to raise its revenue via oil royalty before cutting water and electricity tariffs.

"If we make more money from Petronas through the oil and gas industry, I can reduce your electricity and water bills," the CM was quoted by The Borneo Post as saying in Miri.

'Special customers'

Earlier this year Sarawak DAP had conducted a signature campaign against high electricity tariff and demanded the government reduced it by 30 percent.

"Based on the figures above and some simple mathematics calculation, it is obvious that a 30 percent reduction of the electricity tariff for the normal customers of SESCO will not cause any loss to SESCO," Chong said.

The normal customers, including domestic, commercial and industrial users, are paying an average 30 sen per kWh.

Chong (below) said DAP's campaign does not affect SESCO's "special customers" who pay contractual rates.

The special customers are the smelting plants in Samalaju who are paying tariff rates that are separately negotiated and agreed under separate agreements.

For example, Tokuyama is paying a tariff of only 11 sen per Kwh, while Press Metal is only paying a tariff of 10.5 sen per Kwh.

Chong said that in the financial year 2013, about 30 percent of Sesco's revenue came from these special customers.

The figure is expected to rise to at least 40 percent for the 2014 financial year, Chong said.

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