

## **PM Should Answer To Ani Arope's Revelation On EPU Being Responsible For Gas Subsidy Scandal**

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Prime Minister Najib Tun Razak should answer former Tenaga Nasional Berhad (TNB) chief executive Ani Arope's revelation that the EPU is responsible for the gas subsidy scandal that costs Malaysians RM131.3 billion at end 2010.

Ani chose to resign from his executive chairman post rather than sign the imbalanced deals, which saw the first generation of IPPs created, such as YTL Power Services, Powertek and Malakoff during the Mahathir administration.

EPU forced Tenaga to buy electricity from an independent power producer (IPP), believed to be Genting Sanyen, at 14 sen per kilowatt hour (kWh) despite an existing offer of 12 sen/kWh then; other IPPs then were charging 16 sen/kWh.

Ani even dubbed EPU as the "Economic Plundering Unit" for rising electricity tariffs, saying the powerful agency forced the national power company to sign lopsided purchase deals nearly 20 years ago where Tenaga must purchase power it does not need.

This has resulted in Malaysia having the highest energy reserve margin in the world at 52.6% at 2010.

Up to end 2010, Petronas has extended about RM131.3 billion in gas subsidy to both the power and non-power sectors. If the gas prices remain unchanged (power sector at RM10.70 per MMBTU; non-power sector at RM15.35 per MMBTU), about RM27 billion in 2011 would have to be incurred.

Tenaga Nasional Bhd was allowed the 7% increase as Tenaga had to pay more for natural gas prices that has increased by RM3 per MMBTU, which would cut its gas subsidy costs to RM25.64 billion from RM27.22 billion.

Clearly, there is no justification for Putrajaya to hike electricity tariffs by 7% when a review of the original terms of IPPs would be more than sufficient to cut the subsidy bill.

Federation of Malaysian Manufacturers (FMM) has pointed out the Malaysian power sector had yet to translate its price advantage in fuel prices into more competitive electricity rates despite paying less for natural gas (RM13.70 per mmBtu) compared to Thailand (RM18.23), Singapore (RM43.32) and Indonesia (RM21.04).

The cost of electricity in Malaysia following this hike is nearly at par with Thailand... If we compare with Thailand's rate for low, medium and high voltage, Malaysia's electricity tariff for all these categories is higher.

The Prime Minister must answer why Malaysians must pay for the mistake or the imbalanced deals by EPU that is against national interest because it benefited the few IPPs at the expense of 27 million Malaysians.

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