

Review proposed tariff increase, PM tells TNB

NST - 18/5/2006

■ **By Hamidah Atan**
news@nst.com.my

PUTRAJAYA: Review the proposed electricity tariff increase so that a larger section of the people will not be affected.

This is the directive from Datuk Seri Abdullah Ahmad Badawi to the Energy, Water and Communications Ministry and Tenaga Nasional Berhad, which want to increase power tariffs.

He said the Cabinet discussed the proposed electricity structure and other related matters, including the impact of the increase on the lower income group.

"We acknowledge that TNB is facing a problem. However, the Cabinet wants a comprehensive revision so that more people from the lower income group will not be affected.

"The interests of the people must always be considered and given foremost attention," the

Prime Minister told a Press conference after his visit to the Energy, Water and Communications Ministry. Also present was its minister, Datuk Seri Dr Lim Keng Yaik.

Abdullah added that it would take some time for the Cabinet to decide on the matter.

"Malaysians already have to pay a higher price for petrol. This (increase) will place another burden on them. TNB representatives have been informed of the need for the revision."

TNB, which produces two-thirds of peninsular Malaysia's power, had warned that a tariff hike was vital for its financial future. Its rising operating costs had resulted in debts amounting to RM30 billion.

Elaborating on the matter, Lim said he would present a Cabinet paper next week on the need to have supplementary agreements between TNB and independent power producers as this matter

was closely related to the new tariff requested by TNB.

"It is high time we had these additional agreements for a win-win situation for both TNB and IPPs. At present, we have 40 per cent in electricity reserves and the charge capacity imposed on TNB by these IPPs is close to RM4 billion per year. Whether TNB uses the electricity or not, it has to pay that amount to the IPPs. We want to reduce this capacity charges so that TNB can save."

Lim gave an assurance that those in the lower-income bracket would not be affected by the new rates.

"The structure was discussed but it has become history. The lower-income group will not have to pay extra charges. If they consume less than 150 kilowatts per month, then they will not be affected."

The IPPs, which contributed 40 per cent to the nation's energy

supply, have been in talks with the Government on their future as their 21-year concession would end in 2015. The discussions include the unit price of electricity sold by the IPPs to TNB.

On another matter, Abdullah said there was a need for the ministry to be firm with telecommunication companies so that they would improve their services.

"There are areas where the reception is very poor. To me, this is not good service. We are a modern and developing country. We must ensure that this kind of service is always at the highest level.

"Privatisation is good, but the co-operation between the ministry and telcos needs to be improved.

"There are telcos that do not respond well to (requests from the) Government. The ministry has to be firm as this is one of the important things that is related to the needs of the people."