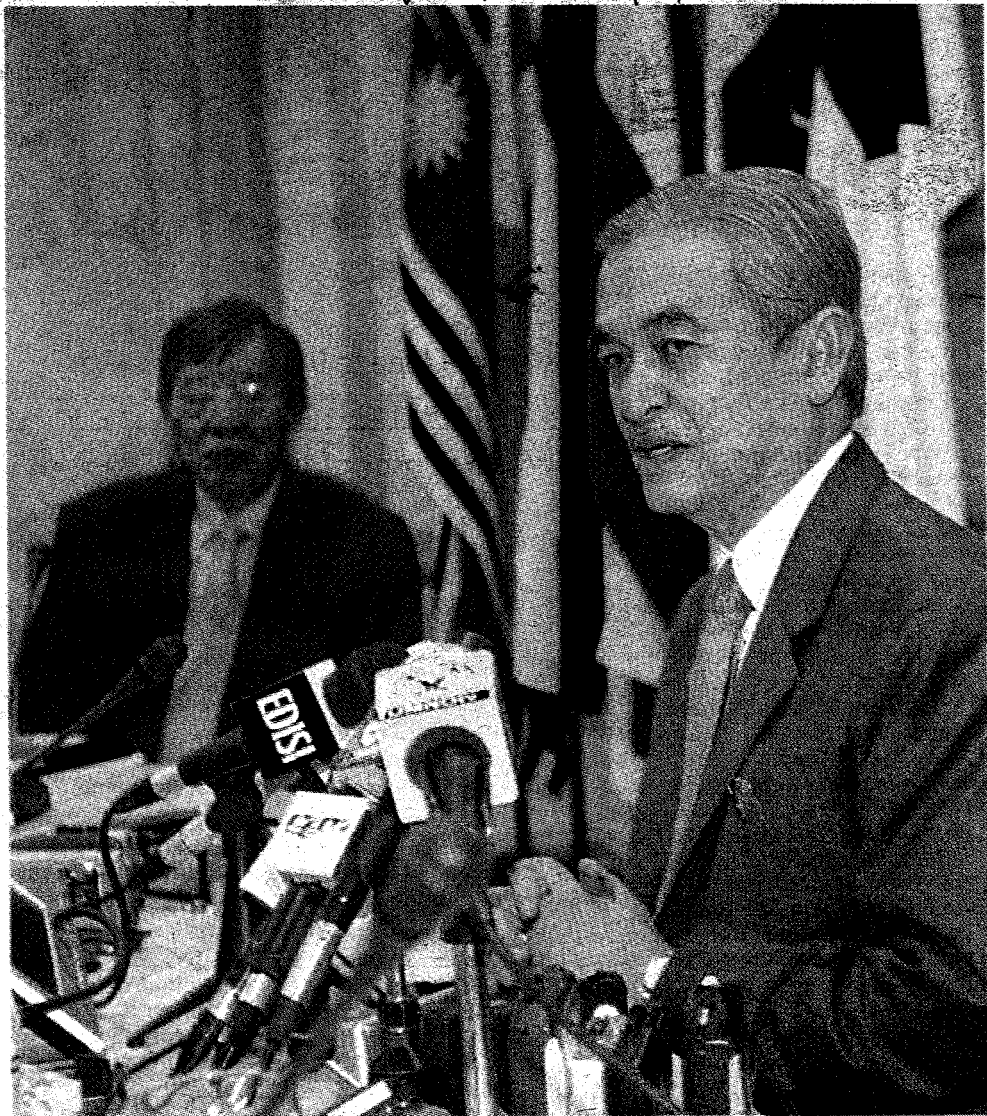


Power rate rise put off

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MEDIA CONFERENCE: Abdullah speaking at the press conference after visiting the Energy, Water and Communications Ministry in Putrajaya yesterday. Looking on is Dr Lim.

By V.P. SUJATA
vpsujata@thestar.com.my

PUTRAJAYA: The anticipated electricity tariff rise has been put off again. The Cabinet wants the proposal by Tenaga Nasional Bhd to be studied further to ensure that as many low-income earners as possible will be spared the ramifications.

Prime Minister Datuk Seri Abdullah Ahmad Badawi said an order to that effect was issued to the Energy, Water and Communications Ministry and TNB yesterday.

"We're doing this because the people's welfare is always our concern," he said after visiting the ministry yesterday.

"That's why we're taking a long time (to decide). We are also taking into account the fact that Malaysians are now paying

a higher fuel price. This is also considered a hardship to them."

Later, the minister Datuk Seri Dr Lim Keng Yaik gave an assurance that any tariff increase would not burden the lower income group, and added that those paying up to RM30 in monthly electricity bills now might not be affected.

He also revealed that the Cabinet would only make a decision on the new tariff after supplementary agreements between TNB and the independent power producers (IPPs) were concluded.

He said ongoing discussions with the IPPs regarding the supplementary agreement were based on three principles, including reducing the energy reserve margin from 40% to 20% and reducing the capacity charges on TNB, currently at RM4bil for 100% usage.

"Reducing 30% of electricity usage can save TNB about RM1.2bil," Dr Lim said.

The third principle was to have a bidding process for energy required above the agreed reserved margin, he said, adding that the lowest bidding price would most probably get the contract.

"If all these principles can be agreed to, we will draw supplementary agreements with the IPPs, and then present them as part of the new proposal to the Cabinet for it to decide on the new tariff," he said, adding that the Energy Commission was looking into the proposal.

Dr Lim said this would be a win-win situation for both TNB and the IPPs, and added that the IPPs' concession agreement would be extended without having to stop operations even up to 35 years.