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TNB sees smaller drop in power consumption

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Rebound in economic activity boosts demand

TENAGA Nasional Bhd (TNB) is expecting electricity consumption to decline this year by a smaller percentage than earlier thought as a rebound in economic activity has lifted energy consumption over the past two months.

President and chief executive officer Datuk Seri Che Khalib Mohamad Noh said the recent peak demand had crossed last year's highest consumption day but the average daily energy consumption up to two months ago was still below the rate in 2006.

In terms of the impact on operating profit, TNB is projecting higher profit than earlier estimated but below what it achieved in its previous financial year.

"By the end of August, it (energy consumption) will be reduced but by now we expect that to be -2.3% from -3.5% previously," he told reporters after speaking at the conference.

Che Khalib said the surge in elec-

tricity consumption was seen in traditional power guzzlers such as the steel and cement industries.

He said demand from electronics companies was also up and those companies, which had temporarily shelved expansion plans earlier, had recently been asking for additional power.

He also said the commercial and domestic sectors had seen single-digit growth of 4% and between 5% and 6% respectively.

Che Khalib said although tariffs had gone up over the past few years, consumption did not drop as the increase in gross domestic product had boosted disposable income and helped offset the higher energy cost.

Earlier in his presentation, Che Khalib said legislation should be enacted to encourage savings in electricity usage. One example was the use of the law to phase out incandescent lights or halogen

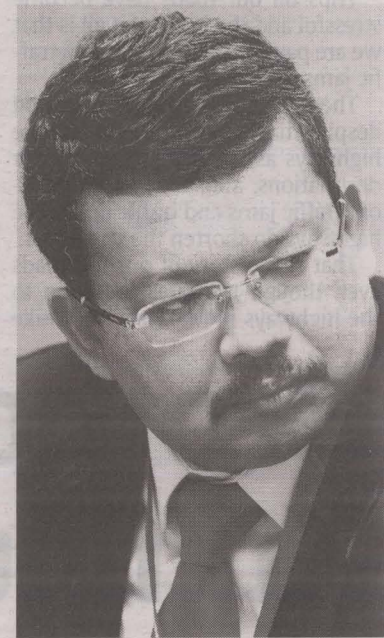
lamps, or where building cannot set a temperature below a certain degree, like in China.

Che Khalib also brought up the subject of sustaining energy security in view of depleting indigenous resources. He said there should be some thought given to the long-term export of liquefied natural gas in favour of the use of natural gas for the domestic economy.

He also said the way forward for TNB would be through using hydro power from Sarawak and by 2030, the company planned to import 10,000MW from the state.

He also suggested the country looked into energy efficiency and questioned the wisdom of bringing in energy guzzling industries such as steel and aluminium plants to consume ever scarcer energy resources.

"As a country, we should seriously decide on the types of companies we want," he said.



Datuk Seri Che Khalib ... 'By the end of August, it (energy consumption) will be reduced.'