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FREE MARKET MODEL: The low- and middle-income groups will be hit if power subsidy is removed

MUHAMMED AHMAD HAMDAN

MALAYSIA will never be ready to adopt a free market model for electricity as long as consumers are not ready to forgo subsidy in the sector, industry players said.

If Malaysia were to enforce a competitive electricity market, chances are it will affect the low-income and middle-income groups, the industry players said at a forum on power reforms yesterday.

"If we were to rate electricity price based on market pricing, I can assure you that not even the middle-income group can afford it, let alone the low-income group," said Jimah Energy Ventures Sdn Bhd managing director Datuk Zulkifli Ibrahim at one of the sessions.

He said the government should find a better way to channel the subsidy as the current system benefits the deserving group disproportionately.

Energy Commission chief executive officer Datuk Ahmad Fauzi Hasan said the regulatory agency is taking measures to ensure that the country's transition to a reformed electricity market goes smoothly.

"We're strengthening the regulatory framework, such as enhancing the governance of despatching of power."

Ahmad Fauzi said other measures include allowing open tender for power bidding, reducing dependency on gas subsidies and enforcing the incentive-based regulation.

"We recently conducted our first competitive bidding process for the new power plant in Prai, which was won by Tenaga Nasional Bhd (TNB), and the extension of power pur-

chase agreements for some of the first-generation independent power producers."

The government has also set up MyPower Corp to look into the industry's structure and make recommendations, he added.

As a special purpose agency, MyPower is tasked with detailing key reform initiatives for the local electricity supply industry.

Among the recommendations by MyPower are to put in place ring-fencing rules within TNB to ensure that it plays its role as a single buyer and system operator of the country's electricity effectively.

The move will require the accounting of TNB's three divisions — generation, transmission and distribution — to be separated. For consumers, it will mean that the cost of the three components will be included in the monthly bill.

"All these, among others, must be in place before our nation is ready to accept a freer electricity market," he added.

The forum on "Reforms in Peninsular Malaysia's Electricity Sector" was organised by the Institute of Strategic and International Studies (ISIS).

Also present was New Straits Times Press (M) Bhd chairman Tan Sri Mohamed Jawhar Hassan, who presented the keynote address.

The forum brought together representatives of the society to discuss plans to reform Malaysia's electricity sector.

It involved stakeholders from government bodies, energy suppliers, energy consumers and regional figures with expertise in relevant issues.



(From left) Commissioner of Thailand's Energy Regulatory Commission **Dr Pallapa Ruangrong**, ISIS analyst **Shahnaz Sharifuddin**, Energy, Green Technology and Water Ministry secretary-general **Datuk Loo Took Gee**, Indonesian Institute of Sciences-Economic Research Centre researcher **Maxensius Tri Sambodo** and Hong Kong Institute of Education associate dean **Darryl S.L. Jarvis** at the forum on **power reforms** yesterday. Pic by Mim Fadlilzal Rozaiman