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Power tariff review up to Govt

TNB Q3 net profit 154% higher at RM1.7bil

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KUALA LUMPUR: The review in electricity tariffs "is likely to happen" sooner or later as it is difficult to sustain subsidies at present levels, according to Tenaga Nasional Bhd (TNB) chairman Tan Sri Leo Moggie said.

However, he said any decision for a review would be decided by the Government and not TNB.

"Yes, there is a prospect of a review on the tariffs because the reduction of subsidies over a period of time is likely to happen," Moggie said.

"This is why it is important from the point of view of the producer and consumers that we highlight efficiency. Not only on us (TNB) but the consumers as well. If everybody utilises electricity more efficiently, this may help to mitigate any impact that it may have should there be a reduction in subsidy costs," he added.

Recent reports quoted Deputy Energy, Green Technology and Water Minister Datuk Seri Mahdzir Khalid as saying that the fuel cost pass-through mechanism would be implemented by the Government through TNB next

year.

Mahdzir earlier said changes in fuel prices would be reflected in tariffs billed to consumers while taking into account the country's economic performance, TNB's and the consumer welfare.

On another matter, Moggie said that reserve margins are expected to eventually drop to 20% by 2015 from 30% presently as electricity demand is expected to grow moving forward.

TNB's third quarter financial results ended May 31 saw its net profit jumping 153.9% to RM1.71bil while revenue grew to RM9.65bil from RM9.19bil. Its better performance was due to the increase in revenue from steady demand and lower generation costs from the lower coal price.

TNB said its bottomline before adjusting for foreign exchange translation gains stood at RM1.38bil for the third quarter.

TNB president and chief executive Datuk Seri Azman Mohd said the third quarter was seasonally the best period and demand was expected to be lower on a relative basis.



Azman (left), Moggie and CFO Fazlur Rahman (right) at the announcement of TNB's third quarter financial results.