

# Food for Thought

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## **NATIONAL ENERGY SECURITY SURVEY: TARIFF STRUCTURE AND FUEL COST TRANSPARENCY**

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### **NATIONAL ENERGY SECURITY SURVEY: TARIFF STRUCTURE AND FUEL COST TRANSPARENCY**

Association of Water and Energy Research Malaysia (AWER) would like to reiterate the importance of transparency in electricity tariff structure and fuel cost pricing. The piped gas is priced at RM 15.20 per mmBTU for the electricity tariff setting period of 1st January 2014 to 31st December 2017. Now, the government has decided to increase piped gas price for electricity generation by RM 3.00 per mmBTU to reach RM 18.20 per mmBTU effective from 1st January 2016. This will incur additional RM 560 million fuel cost to electricity tariff for a 6 months period (January 2016 - Jun 2016). Unfortunately, Ministry of Energy, Green Technology and Water (KeTTHA) and Energy Commission have not shown any cost component breakdown for both piped gas and liquefied natural gas (LNG) till date.

### **WHAT DO MALAYSIANS FEEL ABOUT ELECTRICITY TARIFF AND FUEL PRICES?**

AWER has carried out National Energy Security Survey (NESS) to establish a baseline data on energy related issues. The sampling frame used for the survey is from the National Household Sampling Frame (NHSF) which is made up of Enumeration Blocks (EBs) created for the 2010 National Population and Housing Census. The sampling was developed by Department of Statistics Malaysia.

When we asked if the respondents would like to know how electricity tariff and fuel cost is determined by the government, 69.94% of Malaysian would like to know how electricity tariff and fuel cost is determined. The balance 30.06% Malaysians do not want to know how electricity tariff

and fuel cost is determined. Kuala Lumpur recorded the highest percentage (87.83%) of Malaysians wanting to know the details. This is followed by Selangor (85.20%) and Pulau Pinang (82.89%). Table 1 shows state based response.

When we asked the respondents if they opined that the government is transparent in determining the electricity tariff and fuel cost, only 26.13% Malaysians opined that the government is transparent in determining the electricity tariff and fuel cost. A majority of 73.87% of Malaysians opined that the government is NOT transparent in determining the electricity tariff and fuel cost. Kuala Lumpur records highest percentage (89.47%) of Malaysians opined that the government is not transparent in determining the electricity tariff and fuel cost. This is followed by Selangor (88.82%) and Pulau Pinang (85.53%). Table 2 shows the state based response.

**Table 1: Percentage of Malaysian Wanting to Know How Electricity Tariff and Fuel Cost is Determined**

State	Want to know	Do not want to know
Johor	73.03%	26.97%
Kuala Lumpur	87.83%	12.17%
Kedah	59.87%	40.13%
Kelantan	72.70%	27.30%
Labuan	65.79%	34.21%
Malacca	76.64%	23.36%
Negeri Sembilan	75.33%	24.67%
Pulau Pinang	82.89%	17.11%
Pahang	56.91%	43.09%
Perak	67.11%	32.89%
Perlis	60.86%	39.14%
Putrajaya	75.99%	24.01%
Sabah	59.54%	40.46%
Sarawak	57.57%	42.43%
Selangor	85.20%	14.80%
Terengganu	61.84%	38.16%
<b>National</b>	<b>69.94%</b>	<b>30.06%</b>

**Table 2: Percentage of Malaysians' Opinion on Government's Transparency on How Electricity Tariff and Fuel Cost is Determined**

State	Transparent	Not transparent
Johor	22.04%	77.96%
Kuala Lumpur	10.53%	89.47%

Kedah	36.18%	63.82%
Kelantan	24.67%	75.33%
Labuan	25.99%	74.01%
Melaka	20.72%	79.28%
Negeri Sembilan	14.80%	85.20%
Pulau Pinang	14.47%	85.53%
Pahang	42.43%	57.57%
Perak	29.28%	70.72%
Perlis	35.20%	64.80%
Putrajaya	20.72%	79.28%
Sabah	35.53%	64.47%
Sarawak	39.80%	60.20%
Selangor	11.18%	88.82%
Terengganu	34.54%	65.46%
National	26.13%	73.87%

The silence from KeTTHA and Energy Commission with regards to piped gas and LNG detailed cost breakdown is well known within the industry. Based on the NESS survey data, it is evident that Malaysians are seeking more information and transparency on how prices are fixed for electricity and fuel cost. We urge the Members of Parliament to carry out their duty to ensure KeTTHA and Energy Commission are transparent on how prices are fixed for electricity and fuel cost for the benefit of the nation and the people.

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

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