

SEDA M'sia, Maesco fear power tariff cuts may hit RE agenda

Fuel efficiency push could be affected by tariff cuts, says Maesco president

by LINDA ARCHIBALD

SUSTAINABLE Energy Development Authority (SEDA Malaysia) and Malaysian Association of Energy Service Companies (Maesco) fear the electricity tariff cuts will affect Malaysia's sustainable energy agenda.

Maesco president Zulkifli Zahari said relief to consumers from the nearly 6% tariff cut in electricity will be temporary, and will be offset when the 6% Goods and Services Tax (GST) kicks in this April.

"So if the tariff is reviewed upwards after June 2015, the scenario that we welcome today may be further short-lived," he said.

He said consumers should be prepared for volatility in oil prices anytime, which could have global repercussions.

"We should be fully aware that the downturn of fuel prices can only be temporary and being a finite fuel, it will ultimately rise again," he said.



Ridu (left) cites that the increase use of RE will help reduce the carbon emission, which is the source of global warming and climate change. Similarly, Zulkifli says that ultimately being an energy efficient nation is all about having a good national sustainable energy policy in place

He said while the benefit to consumers may be limited, the tariff cut has resulted in pushing the need for fuel efficiency to the back burner.

"We must remind ourselves that while we may enjoy some savings through cheaper tariff due to the current reduction in oil prices, it has also affected the government's annual budget, which has in turn affected the business community," he said.

Maesco, he pointed out, is concerned about propagating efficient use and management

of electricity which would further supplement the savings through the reduction in tariff of consumers across the sector.

SEDA Malaysia CEO Catherine Ridu said that the reduced electricity tariff of 5.8% in Peninsular Malaysia and 3.5% in Sabah and Labuan, may affect the renewable energy (RE) fund, which in turn will result in less quota available for SEDA Malaysia's future quota release.

"The RE fund derives its contribution from the 1.6% additional charge imposed on

electricity bills. Therefore the electricity consumers behaviour post the announcement of reduction of electricity bills changes will affect the RE fund contribution," she said.

She said one consequence of cheaper electricity is that it will increase consumption, in which case contributions to the RE fund would not be affected. However, if consumers do not increase consumption of electricity at the cheaper price, the contributions to the fund would be reduced.

"If energy usage drops, particularly in the light of the impending GST, when consumers may cut down on electricity, this will be a double whammy impact," Ridu said.

She said because Malaysia's energy fuel-mix is largely dependent on global price of coal and gas, the nation is subject to such fluctuations and the economy may lack resilience particularly when prices increase.

This would have been mitigated if Malaysia increased RE use for generating power.

Ridu said Malaysian consumers need to accept the fact that their dependency on fossil fuels will lead to disasters and

insecurity.

Last year, the country experienced extreme droughts that resulted in water rationing and by year-end the country experienced severe flooding. Scientists and researchers, she said, have attributed the cause of such extreme weather conditions to climate change, aggravated by deforestation.

She cited that the increase use of RE will help reduce the carbon emission which is the source of global warming and climate change.

Similarly, Zulkifli said that ultimately being an energy efficient nation is all about having a good national sustainable energy policy in place and to ensure that Malaysia showcases its commitment to combat global warming towards its international commitment to achieving its targeted reduction in greenhouse gas emissions by 2020.

"We as a nation must surely commit to this cause having experienced first-hand evidence of natural disasters occurring in our country, which causes damage both in terms of human suffering as well as physical losses, sometimes immeasurable," he said.

Call for pension to be paid immediately after retirement

THE Congress of Unions of Employees in the Public and Civil Services has called for pension to be paid immediately after civil servants retire from the service.

Its president Datuk Azih Muda said this was because the retirees would need to use the pension money to cope with the rising cost of living and to pay their monthly bills, including housing loan.

"Ideally, the pension should be paid to the retirees a week after their retirement because they need the money to repay their housing loan among other things.

"We want proactive action from the authorities and we hope this process can be expedited and viewed seriously," he told reporters after presenting flood relief aid to civil servants in Kota Baru yesterday.

Right now, Azih said civil servants would only receive their pensions three months after retiring from the service. — *Bernama*

MRT Corp to present MRT Line 2 plans end of May despite some changes to new route's alignment

by KAVITHAH RAKWAN

MASS Rapid Transit Corp Sdn Bhd (MRT Corp) said it will meet the deadline to present plans for the MRT Line 2 by end of May despite having to make minor changes to the new route's alignment.

MRT Corp CEO Datuk Shahril Mokhtar said the changes were necessary to accommodate the Malaysia-Singapore high-speed rail terminal in Bandar Malaysia.

"With the slight change of alignment, we need to go back to the drawing board and resubmit the new alignment to the Land Public Transport Commission (SPAD)," he said.

The company said public feedback and findings from the public display will be used by SPAD to finalise the alignment and it will then go to the government for approval.

Once finalised, the length of alignment will be determined and subsequently the tender

process can begin.

It was earlier reported that MRT Corp is planning the initial tendering process for the project by year-end.

The RM23 billion MRT Line 2 will span from Sungai Buloh to Serdang to Putrajaya with about 40 stations, depending on the final structure of the alignment and is expected to be completed within five years.

Deputy Finance Minister Datuk Ahmad Maslan who visited the MRT Taman

Midah construction site last Friday said MRT Line 1's overall progress stood at 59.5% as at January.

"The underground section of the MRT Sungai Buloh-Kajang Line was at 73% completion as at December 2014, while the elevated section was at 49.2%," he said.

Ahmad said the development cost of the 51km rail system from Sungai Buloh to Kajang remained at the government's budget of RM22.18 billion as

most of the materials were bought locally.

"A total of RM21 billion of the contract had been awarded with 38 packages worth RM10.6 billion given to Bumiputera contractors," he said.

The first phase of the line, from Sungai Buloh to Semantan is expected to be completed by December 2016 while the second phase, which stretches from Semantan to Kajang is expected to be completed by July, 2017.

Terengganu youth council urges govt to control house prices

THE Terengganu Youth Council yesterday expressed concern over the increasing trend in house prices, seeing it as difficult for youths to own homes.

Its chairman Zaidi Muda said the government must find the best ways and methods in controlling the price of houses so that affordable housing for young households could be provided.

"For the youngsters, a home is a primary need when they are married but with the uncontrolled prices, they cannot afford to buy a house.

"What is more worrying is that the implementation of the Goods and Services Tax in April will affect the cost of building materials and thus cause house prices to rise further," he told *Bernama* in Kuala Terengganu yesterday.

The price of a house in Terengganu is nearly at the same value as in the Klang Valley, more than one family to live together in a single house. — *Bernama*

Malaysian economy 'fastest growing in the world'

by FUNDSUPERMART RESEARCH

IN A slew of gross domestic product (GDP) growth figure releases, Malaysia surprised markets with a growth of 5.8% year-on-year (YoY) in the fourth-quarter (4Q) of 2014, exceeding consensus estimates of a 5% YoY increase and placing the economy as one of the fastest growing in the world.

In comparison, India grew 7.5% YoY in 4Q to overtake China's 7.3% YoY growth during the same period. Indonesia and Singapore grew by 5% and 1.5% respectively.

Overall in 2014, Malaysia grew by 6% YoY, coming in slightly above consensus fore-

casts of a 5.9% YoY growth.

The GDP growth numbers are a welcome surprise for an economy perceived to be hit by falling oil prices. Malaysia's economy still held up strongly during the last three months of 2014 due to stronger growth in the non-oil and gas (O&G) sectors such as mining (+9.6%), construction (+8.7%) and services (+6.4%).

We remain cautious on the outlook going forward. We think the strong economic performance will be short-lived and will peter off going into 2015.

The main reason is the slump in oil prices has emerged as a major risk and has changed the outlook for the Malaysian eco-

nomy and market.

Oil and gas products contribute approximately 25%-30% of exports and more than 25% of government revenue.

According to Performance Management Delivery Unit and Bank Negara Malaysia, the O&G industry accounted for roughly 20% of Malaysia's GDP.

The negative implications of a sustained period of lower oil prices could be detrimental to the domestic economy. In the recently revised Budget 2015, the government lowered its 2015 GDP growth forecasts to 4.5%-5.5%, citing drastic changes in external factors, most notably the shocking 50% drop in oil prices.

We are expecting GDP to be

at the lower bound of the 4.5%-5.5% target as a slowdown in the O&G sector will be mitigated by a boost in sectors that benefit from cheaper oil prices.

We believe growth will be mainly driven by non-oil exports and government projects to offset the slowdown in the O&G industry and household demand.

Industrial production is still resilient as shown by the 7.4% YoY increase in December 2014 which exceeded the consensus expectations of 4.1% YoY gain.

The growth figure marked the 21st consecutive month industrial output recorded YoY growth, since the minor slowdown in March 2013.

The latest reading was also higher than the upward revised 4.8% YoY gain in the preceding month.

Industrial production growth was led by gains in manufacturing and mining output. Manufacturing production climbed 7.8% YoY, which is the 21st consecutive month that manufacturing output recorded YoY growth, since the minor slowdown in March 2013.

In addition, mining production rose 6.9% YoY to continue its recovery from the slowdown during late 2013 and early 2014.

Malaysia's manufacturing and mining sector have been helped by a resilient domestic economy and improvements in global demand.

Coming Events

► FEB 16

- **NEW** Climate Economy Report Roundtable at Maple Room, Level 10, Double Tree by the Hilton Kuala Lumpur, The Intermark, 348 Jln Tun Razak, KL at 9.15am.
- **YANG** di-Pertuan Agong Tuanku Abdul Halim Mu'adzam Shah presents letters of appointment to newly-appointed Federal Court, Appeals Court and High Court judges at Singgahsana Kecil, Istana Negara, KL at 9.30am.

- **FREENOM** to launch Dot.ML for Malaysian small and medium enterprises and individuals at Iris and Hibiscus Room, Level 2M, One World Hotel, First Avenue, Bandar Utama, PJ at 10am.
- **MELATI** Ehsan Holdings Bhd AGM at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jln Bukit Kiara, off Jln Damansara, KL at 10.30am.
- **AMALGAMATED** Industrial Steel Bhd EGM at Lot 11A, Jln Utas 15/7, Section 15, Shah Alam, Selangor at 11am.

- **KUALA** Lumpur Kepong Bhd AGM at Wisma Taiko, 1 Jln SP Seenivasagam, Ipoh, Perak at 12pm.
- **MINISTER** of Youths and Sports Khairy Jamaluddin to attend MTEM-MARA Business Luncheon entitled "Developing Young Competitive Entrepreneurs in Asean Economic Community" at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, Bukit Kiara at 12.45pm.

- **BATU** Kawan Bhd AGM at Wisma Taiko, No 1 Jln SP Seenivasagam, Ipoh, Perak at 2.15pm.
- **DEPUTY** Prime Minister Tan Sri Muhyiddin Yassin to visit KLIA 2, Sepang at 3pm.
- **MALAYSIA** Building Society Bhd to announce financial year 2014 results at Le Meridien Hotel, Parry Room, Level 6, 2 Jln Stesen Sentral, KL at 4.30pm.