

PBAPP to re-apply for water tariff review in Penang

By Audrey Dermawan - March 17, 2022 @ 10:45am



GEORGE TOWN: The Penang Water Supply Corporation (PBAPP) will apply for a water tariff review this year, primarily to raise funds for the implementation of its Raw Water Contingency Plan 2030 (RWCP 2030) projects.

PBAPP had applied for a water tariff review in 2019. However, the Environment and Water minister issued public statements in 2020 and 2021 that the federal government had postponed all water tariff reviews due to the effects of the Covid-19 pandemic on the Malaysian economy.

The last water tariff review in Penang was implemented in 2015.

PBAPP chief executive officer Datuk Jaseni Maidinsa said the application would be submitted to the National Water Services Commission (SPAN) and subject to the federal government's approval.

"PBAPP is not seeking higher profits. The additional funds raised will be primarily reinvested into five projects under the RWCP 2030, which are scheduled for completion in the period between this year and 2028.

"PBAPP's domestic water supply subsidies for 2021 amounted to RM97.3 million," he said today.

The five projects are - Phase 2, Sungai Dua Water Treatment Plant (WTP) sedimentation tanks upgrades; Package 12A, Sungai Dua WTP: an additional new water treatment module; Phase 1 Mengkuang Dam WTP; Phase 1 Sungai Muda WTP; and Sungai Prai Water Supply Scheme.

Jaseni said the primary objective for these projects was to ensure water sufficiency in Penang as the state journeys towards post-pandemic socioeconomic recovery. Penang's water consumption, according to Jaseni, has been projected to reach 1,532 million litres per day (MLD) by 2030 and 2,178 MLD by 2050 based on an independent water supply engineering study completed in 2021.

Penang's average domestic water tariff for the first 35,000 litres of domestic consumption is RM0.32 per 1,000 litres - the lowest in Malaysia. The national average is 121.9 per cent higher, at RM0.71 per 1,000 in 2018.

"The last water tariff review in Penang was implemented in 2015. PBAPP had applied for a water tariff review in 2019. However, KASA issued public statements in 2020 and 2021 stating that the federal government had postponed all water tariff reviews due to the effects of the Covid-19 pandemic on the Malaysian economy.

"PBAPP is not the only Malaysian water operator which has applied for a water tariff review in recent years," he added. In 2021, SPAN conducted "public consultation exercises" for tariff review proposals submitted for Johor, Kedah, Melaka, Negri Sembilan, Penang and Perak.

In 2019 and 2020, SPAN had also conducted similar "public consultation exercises" for water tariff review proposals involving the Federal Territory of Labuan, Kelantan, Pahang, Selangor and Terengganu.

Jaseni said as a responsible water supply operator, PBAPP would submit a 2022 water tariff review application based on SPAN's Tariff Setting Mechanism (TSM) - a benchmarking framework that has been approved by the federal government.

"In short, we plan to raise sufficient funds to cover PBAPP's rising operating expenses (OPEX) and fund our capital expenditures (CAPEX) commitments for Penang in a transparent manner, evaluated and approved by SPAN based on the TSM framework.

"Perhaps more importantly, the TSM should compel more Malaysian water operators to plan ahead, secure the required CAPEX and implement water supply projects to meet future water demands," he said, expressing hope that the TSM would herald the beginning of an age where water operators can supply water at the correct rates and meet the key performance indicators (KPI) set by SPAN.