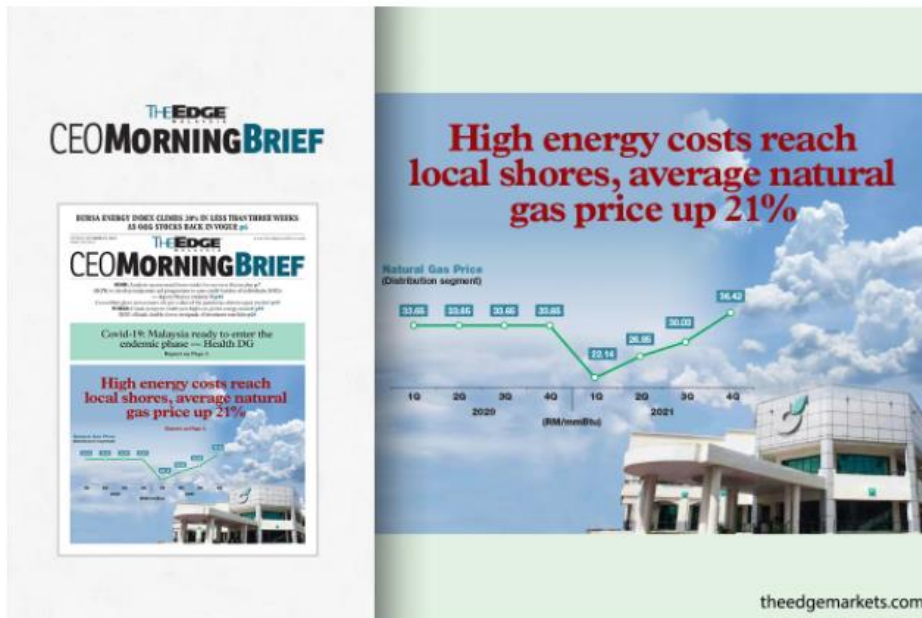


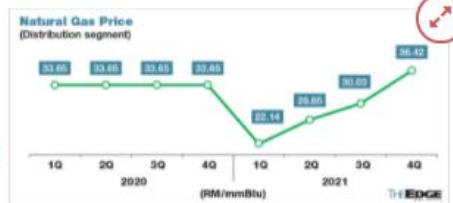
High energy costs reach local shores, average natural gas price up 21%

Shazni Ong / theedgemarkets.com
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KUALA LUMPUR (Oct 11): Higher energy costs have reached local shores.

Gas Malaysia Bhd announced that the average natural gas selling price for the fourth quarter (4Q21) beginning from Oct 1, 2021 to Dec 31, 2021 is at RM36.42 per million British Thermal Units (MMBtu), compared with RM30.03 per MMBtu for 3Q21.



However, the local average price of RM36.42/MMBtu is still substantially lower compared with the current spot price of liquefied natural gas (LNG) at US\$35/MMBtu.

The average selling price was RM26.85 per MMBtu for 2Q21 and RM22.14 per MMBtu for 1Q21.

The rise in natural gas prices would not augur well for energy-intensive industries, for instance the steel millers and glove manufacturing plants.

In a filing with Bursa Malaysia, the natural gas distribution company said the average natural gas selling price includes the transportation tariff of RM1.19 per MMBtu and distribution tariff of RM2.05 per MMBtu as previously approved by the Energy Commission.

"[Meanwhile], the legacy Gas Cost Pass Through of 62 sen per MMBtu will be discontinued for the gas delivered effective Oct 1, 2021.

"Gas Malaysia wishes to clarify that this selling price revision is not applicable to the sales of natural gas for natural gas vehicles and liquefied petroleum gas supplied in gas cylinders or in bulk," it said.

Gas Malaysia noted the selling price revision will continue to contribute positively towards the financial position of the company for the financial year ending Dec 31, 2021.

In a separate filing, Gas Malaysia said the implementation of the surcharge of 62 sen per MMBtu as part of the distribution tariff for users of the Natural Gas Distribution System (NGDS) facility owned by its wholly owned subsidiary, Gas Malaysia Distribution Sdn Bhd (GMD) will be discontinued for the gas delivered effective from Oct 1, 2021.

"Therefore, GMD's distribution tariff under the Incentive-Based Regulation framework for all types of utilisations is RM2.05 per MMBtu for the period from Oct 1, 2021 until Dec 31, 2021."

Gas Malaysia saw its net profit rise 39.7% to RM62.34 million in the second quarter ended June 30, 2021 (2QFY21) from RM44.62 million a year ago, as it recognised a revenue cap adjustment and sold more gas in the quarter under review. The better earnings came despite quarterly revenue falling by 10.7% to RM1.38 billion, from RM1.54 billion in 2QFY20, which it attributed to lower average natural gas tariff.

Gas Malaysia's share price was up two sen to RM2.68, valuing the company at RM3.44 billion.

Edited by Kathy Fong