On Wednesday 11 November 05:00-22:00 GMT, we'll be making some site updates on Taylor & Francis Online. You'll still be able to search, browse and read our articles, where access rights already apply. Registration, purchasing, activation of tokens, eprints and other features of Your Account will be unavailable during this scheduled work.

Construction Management and Economics ›

Volume 23, 2005 - Issue 3

254 Views | 18 CrossRef citations to date | 0 Altmetric

Original Articles

Minimum feasible tariff model for BOT water supply projects in Malaysia

Cheng Lianyu & Robert L. K. Tiong Corresponding author

Pages 255-263 | Received 02 May 2003, Accepted 23 Jun 2004, Published online: 17 Feb 2007

Cite this article https://doi.org/10.1080/0144619042000287778

Sample our Engineering & Technology Journals

>> Sign in here to start your access to the latest two volumes for 14 days

Full Article | Figures & data | References | Citations | Metrics

Reprints & Permissions | Read this article | Share

Abstract

A key issue in implementing water supply projects based on the build, operate and transfer approach is risk allocation. Project risks should be allocated to the best competent party through proper contractual arrangements or through government support so as to achieve a low water tariff. The details of tariff design in BOT water supply projects are identified, and a minimum feasible tariff model is proposed for effective risk allocation arrangements. Risk analysis based on a real project in Malaysia is performed to demonstrate the application of the simulation model on the key factors of inflation, exchange rates and demand risk. The analysis shows that for inflation risk, a pre-set tariff adjustment formula is useful in lowering minimum feasible tariff. For

exchange rate risk, the reference rate should be set lower than the best estimate. Lowering of minimum feasible tariff can also be achieved if the tariff for additional demand is lower than the tariff for guaranteed demand.

Keywords:

BOT | water supply project | risk allocation | tariff-at-risk | minimum feasible tariff

Related research

People also read | Recommended articles | Cited by 18

An investigation of Chinese BOT projects in water supply: a comparative perspective

Chuan Chen et al.
Construction Management and Economics
Published online: 17 Feb 2007

Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

Sign me up

Copyright © 2026 Informa UK Limited Privacy policy

Cookies Terms & conditions Accessibility

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG