

Incentive-based Regulation (IBR) is a framework for electricity tariff setting with built in incentives to improve efficiency of regulated entities and give greater transparency for customers

Key Features

1. Prudent and efficient cost in tariff determination
2. Structured tariff regulatory process:
 - Regulatory period is fixed, currently at 3 years review
 - Establishment of regulatory accounts and reporting mechanism
3. Separation of accounts of regulated business units
4. Determination of fair and reasonable return to regulated entitie
5. Imbalance cost pass-through mechanism for uncontrollable costs (changes in forecast vs actual cost of generation)
6. Setting of performance targets with incentive/penalty mechanism by regulator
7. Efficiency sharing between regulated entities and consumers in the next tariff review



Section 26, Electricity Supply Act 1990

Empower Suruhanjaya Tenaga to review and determine the electricity tariff with approval by the Minister

Current Policy

Incentive-based Regulation framework for electricity tariff review and determination

Objective

To deliver efficient and reliable electricity supply at the efficient cost and reasonable tariff

Building blocks formulae to establish revenue requirement of regulated entities

