



REBATE AND SURCHARGE

UNDERSTANDING ELECTRICITY CHARGES

Tariff rate for every consumer category will remain unchanged till December 2020

KUALA LUMPUR

THERE may be those who are still unclear or do not understand what are tariff, tariff rate adjustment, rebate and surcharge, as well as how these are related to the electricity bill.

Major questions on electricity tariffs are listed below:

Question: Is it true that electricity tariffs were increased from last month?

Answer: Not true. The average base tariff will remain at 39.45 sen/kWh until December 2020.

Accordingly, the tariff rate for every consumer category, whether residential, commercial or industrial, will remain unchanged until December 2020.

Q: How are rebates and tariff rate adjustment connected?

A: During the half-yearly review of the cost of generating electricity, the actual costs are studied, compared with the base tariff costs set. When fuel costs fall, the cost reduction will be passed on to the consumers in the form of an imbalance cost pass-through (ICPT) rebate.

However, when fuel costs escalate, the additional cost needs to be passed on to the consumers in the form of an ICPT surcharge.

Q: How many times have the people in Peninsular Malaysia enjoyed rebates?

A: Rebates amounting to RM6.3 billion have been given during the first seven ICPT cycles (March 2015 to June).

Q: Why did the Energy Commission announce a surcharge (for July to December)? Why are consumers no longer enjoying rebates?

A: Since July last year, the power generation and fuel costs have exceeded the cost approved by the government under the base tariffs. This cost rise cannot be fully absorbed (in the form of re-

bates). The government has used funds from the Electricity Industry Fund (EIF) to offset part of the cost for the period.

However, the government can only spend RM114 million of the EIF's monies to ensure the 7.1 million residential users (81.7 per cent of Tenaga Nasional Bhd's customers) do not have to pay the surcharge. Hence, an ICPT surcharge of 1.35 sen/kWh is imposed on the industrial and commercial categories.

Q: What are the proactive and reactive measures to ensure electricity is generated at the most competitive prices?

A: To increase the efficiency of generation using coal, all power plants built from 2011 use ultra super critical technology (USC).

USC coal-fired power generation is more efficient and capable of producing more energy using the same amount of coal. It also complies with the more stringent environmental standards.

Manjung 4 was the first coal-fired USC plant in Asean when it began operations in April 2015. In the future, more coal-fired power stations will be built that optimise the benefits from the latest technology.

The government has announced a review of independent power producer contracts and the award of power projects via open tender.

A study will also be conducted to develop an industry focusing on renewable energy with the aim of reducing dependence on imported fuels. **Bernama**