



04 DEC, 2019

No electricity tariff hikes for domestic consumers

The Malaysian Reserve, Malaysia

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This is the 18th consecutive month of no hike in surcharge for domestic consumers, says minister



THE government will maintain the electricity tariff for domestic consumers for the first six months of 2020, while the surcharge for commercial and industrial users will be reduced.

Energy, Science, Technology, Environment and Climate Change Minister Yeo Bee Yin said the Cabinet had agreed to set the rates for the period of Jan 1 to June 30 next year, based on the incentive-based regulations (IBR) mechanism.

"This is the 18th consecutive month of no hike in surcharge for domestic consumers," she told the Dewan Rakyat yesterday.

Yeo said a total of RM62.95 million from the Electricity Industry Fund will be used to cover the imbalance cost pass-through (ICPT) surcharge so that it will not be



Pic by Muhd Amin Isahard

Yeo says a total of 7.4m domestic consumers will be exempted from paying surcharge, while non-domestic consumers will enjoy a surcharge reduction of 0.55 sen per kWh from RM2.55 per kWh

imposed on domestic consumers. In this regard, the effective electricity tariff rate will be maintained at 39.45 sen per kWh. Yeo was responding to Khoo Poay Tiong's (Pakatan Harapan-Kota

Melaka) query on the status of IBR mechanism implementation and if the electricity tariffs would increase from January 2020 onwards.

She noted that a total of 7.4 million domestic consumers would be exempted from paying surcharge, while non-domestic consumers would enjoy a surcharge reduction of 0.55 sen per kWh from RM2.55 per kWh.

"For the commercial and industrial users' category, a surcharge of 2.55 cents/kWh was imposed for the period July to December 2019.

"Given the significant reduction in fuel costs over the last six months, the commercial and industrial consumer surcharge rates will be reduced by 0.55 sen/kWh from 2.55 sen/kWh to two sen/kWh," she added.

IBR, a mechanism for electricity tariff setting with incentives to improve efficiency, was implemented in 2015 and reviewed every three years, where the first regulatory period (RP1) was from 2015 to 2017, and the RP2, from 2018 to 2020.

For RP2 — coal, gas and pipeline and liquefied natural gas (LNG) prices in determining base rates are set at US\$75 (RM312.75)/metric tonne (MT), RM24.20/one million

British Thermal Units (MMBtu) and RM35/MMBtu respectively — while the actual average price from July to December 2019 was US\$77.35/MT, RM28.70/MMBtu and RM32.21/MMBtu respectively.

"Through this mechanism, base tariffs are determined by the average price of coal and gas fuels during the RP.

"Any difference in actual cost with the price assumption in the base tariff will be adjusted every six months under the ICPT mechanism either in the form of surcharge or rebate, depending on fuel costs and other costs generated during the period," Yeo said.

The ICPT surcharge or rebate for January to June 2020 is determined by fuel prices between July and December this year.

Yeo said findings from the Energy Commission Malaysia showed that RM376.45 million was to be released to consumers in Peninsular Malaysia through the ICPT surcharge for Jan 1 to June 30, 2020, of which RM62.95 million was to be released to the domestic consumer category while RM313.5 million was to be released for commercial and industrial users.



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SUMMARIES

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