



KEMENTERIAN SUMBER ASLI, ALAM SEKITAR
DAN PERUBAHAN IKLIM

MEDIA STATEMENT

ELECTRICITY TARIFF ADJUSTMENT FOR PENINSULAR MALAYSIA FOR THE PERIOD OF 1 JANUARY TO 30 JUNE 2023

PUTRAJAYA, 16 DECEMBER 2022 – The government has agreed that all domestic users will not incur any tariff increase following the electricity tariff adjustment through the Imbalance Cost Pass-Through (ICPT) mechanism. At the same time, lower voltage (LV) non domestic users which includes micro businesses, small and medium enterprises including restaurants, groceries, bakeries, small workshops and such will not be facing any electricity tariff increase as well. For this category of users, the government allocates RM8.74 billion in subsidy. This follows the decision by the National Action Council on Cost of Living meeting on 13 December chaired by YAB Prime Minister, Datuk Seri Anwar Ibrahim, and the Cabinet Meeting on 14 December 2022.

To ensure that there are no increase in prices of food and agricultural products, users such farmers and animal breeders which is categorised as specific agriculture (tariff H) will also not incur any electricity tariff increase. The government allocates RM90 million in subsidy for this category of users.

This means that 9 million electricity users which is over 90 percent of users in the whole of Peninsular Malaysia will not be affected by the increase in fuel prices for electricity generation.

However, medium voltage (MV) and high voltage (HV) users among industry participants including multinational corporations will face a surcharge at the rate of 20 sen/kWj. The government will subsidise RM1.93 billion in order to avoid a significant increase on the surcharge should it be passed on entirely to the users.

In total, the government allocates RM10.76 billion in subsidy to ensure this is done for the best interest of the nation. The actual cost of subsidy to maintain the current electricity tariff is RM14.91 billion. However, with this targeted subsidy scheme, an additional allocation of RM4.16 billion which would have gone to bear the cost of electricity subsidy can now be allocated to help the rakyat through other means.

The global energy crisis has given rise to unprecedented pressure to the electricity energy industry due to the significant increase in fuel prices. This results in soaring costs of electricity generation and the electricity tariff adjustment through the ICPT mechanism being at a high rate of RM7 billion from the period of January to June 2022, and RM16.16 billion from the period of July to December 2022. At the increased cost of generation, all electricity users in the peninsular could be charged a surcharge of 27 sen/kWj for the period of 1 January to 30 June 2023 which will increase the cost of living should it be passed down entirely to users. Meanwhile, should the whole cost of ICPT be subsidised, the government will have to bear a larger budget allocation and a great burden.

We recognise and very much appreciate the role that multinationals and large companies play in our economy as well as its recovery. At the same time we believe in the nation's ability to move from low cost competition to value added competition. We believe the current approach is the most

appropriate for the time being. The Ministry is also committed to navigate the transition to sustainable energy usage, whilst balancing energy security, affordability, and environmental sustainability.

Users can view the total subsidy given by the Government through their monthly electricity bills. In order to ensure the post-COVID-19 recovery momentum continues to be generated by these important sectors, the government hopes that these subsidies will help alleviate the cost of living for the people whilst growing the nation's economy.

**YB TUAN NIK NAZMI NIK AHMAD
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