



PRESS STATEMENT

GOVERNMENT ALLOCATES ELECTRICITY SUBSIDY OF RM5.2 BILLION FOR THE PERIOD OF TARIFF ADJUSTMENT FROM 1ST JULY TO 31ST DECEMBER 2023 IN PENINSULAR MALAYSIA

The Government on 16 June 2023 agreed to **allocate an electricity subsidy of RM5.2 billion** in conjunction with the electricity tariff adjustment in Peninsular Malaysia from 1 July to 31 December 2023. This means that the **majority of domestic consumers and non-domestic low voltage consumers will not be affected** by the latest electricity tariff adjustment, while high-voltage (HV) and medium-voltage (MV) non-domestic consumers, as well as the new category of water and sanitation utilities, will experience a decrease.

This is due to a slight decrease in the average fuel price from USD224 per metric ton (July-December 2022) to USD173.50 per metric ton (January-June 2023). However, the average price of coal remains high and exceeds the projected fuel cost set in the RP3 period, which is USD79 per metric ton.

Under the implementation of the Imbalance Cost Pass-Through (ICPT) mechanism, the electricity tariff adjustment for Peninsular Malaysia consumers from 1 July to 31 December 2023, is as follows:

- 1. Domestic consumers with a monthly electricity consumption of 1,500 kWh or below will not experience an increase in electricity tariff. This accounts for 99% of domestic consumers in Peninsular Malaysia.**
- 2. Non-domestic consumers in the low-voltage tariff category (Tariff B and D), specific agricultural tariffs (Tariff H, H1, and H2) will not experience an increase in electricity tariffs, and the ICPT surcharge at a rate of 3.7 sen/kWh will be maintained.**

In other words, Micro, Small, and Medium Enterprises (MSMEs) including restaurants, retail shops, bakeries, small workshops, farmers, livestock breeders, planters, and similar businesses will also not experience any increase in electricity tariffs.

3. The new category of **non-domestic consumers, namely water and sanitation operators in the states, will enjoy a reduction in surcharge rates from 20 sen/kWh to 3.7 sen/kWh.**

This means that water operators under the State Government will enjoy lower surcharges from July to December 2023. This decision is in line with the government's efforts to improve the capacity and capability of water operators in providing treated and clean water to consumers.

4. **Non-domestic consumers, specifically medium-voltage (MV) and high-voltage (HV) users** from the industrial and commercial sector, **will enjoy a reduction in surcharge rates from 20 sen/kWh to 17 sen/kWh.** This means that non-domestic MV and HV users will enjoy a monthly decrease in electricity bills ranging from 28% to 35%.

In line with the government's intention as expressed in the National Economic Action Council (NEAC) meeting to implement targeted electricity subsidies starting from July 2023, domestic consumers using high levels of electricity, exceeding 1,500 kWh or equivalent to a minimum monthly electricity bill of RM708, will be subject to a surcharge of 10 sen/kWh.

It is estimated that approximately 83,000 consumers, which is 1% of domestic users, will experience a minimum monthly increase of RM187 (25%) in electricity bills. Although there is an increase for this category of domestic consumers, **the government is still providing a special subsidy of RM58 million for this category since the ICPT surcharge is not fully waived.** Consumers can see the amount of subsidy provided by the government in their respective monthly electricity bills.

The government hopes that the provision of this subsidy will help alleviate the cost of living for the people, especially during the economic recovery period, while ensuring the continued economic development of the country.

The Ministry of Natural Resources, Environment, and Climate Change (NRECC) is also committed to the plan of transitioning to sustainable energy use, while balancing energy security, accessibility, and environmental sustainability. As part of these initiatives, the Ministry will encourage energy efficiency practices and the transition to renewable energy use through the installation of solar PV systems as an option for consumers to control their electricity bills.

Therefore, to further encourage the installation of solar PV systems, especially on building rooftop structures, the government has decided to relax certain conditions under the Net Energy Metering (NEM) Programme and Self-Consumption for Solar PV Installation (SelCo) Programme, as follows:

- a. **The capacity limit for each household applying for the NEM Rakyat programme will be relaxed** compared to the previous limit of 4 kW for single-phase installations and 10 kW for three-phase installations. Users can now install solar PV systems based on the specified technical criteria;
- b. The allowable capacity for solar PV systems **under the NEM NOVA Programme and SelCo Programme has been increased from 75% to 85%**;
- c. **The SelCo Programme is now open for applications and participation by high-voltage (HV) consumers**;
- d. The implementation of the new regulations under the NEM and SelCo programmes will come into effect on 15 July 2023, based on updated guidelines provided by the Energy Commission;
- e. **Tenaga Nasional Berhad (TNB) will also announce several enhancements** to encourage the installation of solar PV systems.

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23 JUNE 2023

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