

HOW ELECTRICITY INDUSTRY IS **REGULATED?**

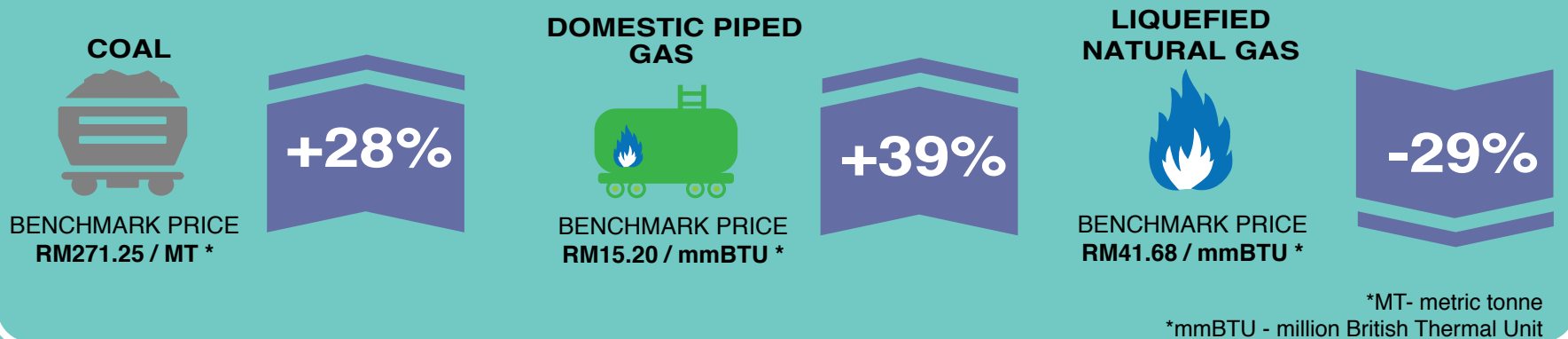
The electricity sector comprises of the generation of electricity through power plants, transmission network that carries electricity through high voltage lines and distribution network that distribute power to the end users through low voltage cables.

To drive costs down, the Government introduced partial liberalisation in the generation sector in Peninsular Malaysia since early 1990s. This competition-driven partial liberalisation is governed by the Power Purchase Agreement (PPA) with all power plant owners.

The Government regulates costs for transmission and distribution through the Incentive Based Regulation (IBR). This framework provides for a transparent and fair process in determining electricity cost.

Together, these PPA-regulated (generation) and IBR-regulated (transmission and distribution) parts of the electricity sector ensure electricity users enjoy reliable electricity supply at a fair price.

FUEL PRICE MOVEMENTS SINCE JANUARY 2017 COMPARED TO THE BENCHMARK PRICE



Non-regulated Business Under IBR (Governed through PPA)

1 Generation

Hydro

Gas

Solar

Coal

Regulated Business Under IBR

2 Transmission

3 Distribution



What these mean to customers?

- ⚡ Ensure cost for generating electricity is kept as low as possible.
- ⚡ Sufficient, uninterrupted and reliable power supply.
- ⚡ Fair price of electricity.