

WHAT DETERMINES YOUR **ELECTRICITY COSTS?**

The Incentive Based Regulation (IBR) was introduced by the Energy Commission (EC) in 2014 to promote efficiency in the electricity sector's generation, transmission and distribution operations. The implementation of IBR allows the government to better monitor the costs of supplying electricity.

Under the IBR, the base tariff covers all the electricity operations which is fixed for a period of three years. IBR also provides for six-monthly adjustments due to changes in the power plants fuel costs via the Imbalanced Costs Pass Through (ICPT) mechanism.

The average base tariff for Peninsular Malaysia in the 2014 to 2017 period is at 38.53 sen/kWh. The biggest cost contributor to the base tariff is the fuel for electricity generation. As fuel prices fluctuate according to the global market forces, the ICPT allows for adjustments to be made. To date, savings due to low fuel prices adjustments have been disbursed to customers as rebates amounting to RM4.1 billion.

Average Base Tariff

38.53
sen / kWh

69%

Fuel Costs

⚡ Total costs of fuel (Coal, Gas and Liquefied Natural Gas).

Generation Costs

⚡ Total costs of building and maintaining power station.

Transmission Costs

⚡ Total costs of building and maintaining transmission grid and installations.

9%

21%

Distribution Costs

⚡ Total costs of building and maintaining distribution network and installations.

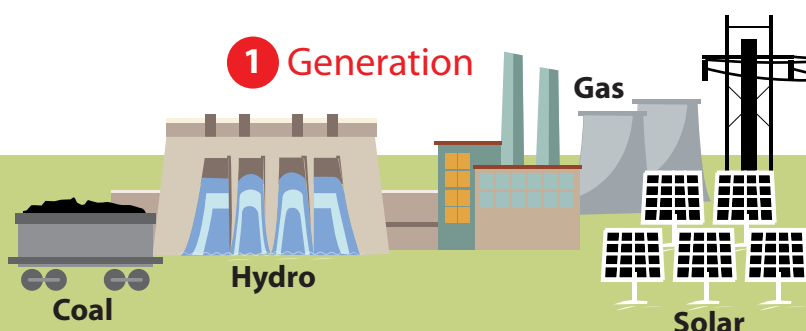
⚡ Total costs for customer services.

Single Buyer and Grid System Costs

⚡ Total costs of planning and operating electricity grid system.

1%

1 Generation



2 Transmission



3 Distribution



What does this mean to Malaysians?

- ⚡ Allow for key components of the Malaysian Electricity Supply Industry to be benchmarked with international practices.
- ⚡ Allow for EC to monitor and ensure cost of each component is as efficient as possible.
- ⚡ Ensure customers will only pay for optimal costs of electricity.