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Energy measures must shield users from cost shocks



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PETALING JAYA: The RM40bil fuel subsidy allocation may prove insufficient if global supply disruptions persist, the Association of Water and Energy Research Malaysia says.

Its president S. Piarapakaran said the adequacy of the allocation would depend on fuel supply conditions, particularly if disruptions linked to tensions in the Middle East and the Russia-Ukraine war continued.

“If the situation in the Strait of Hormuz and the Russia-Ukraine war persists, the government will need to secure additional allocations,” he said.

Piarapakaran also noted that Budget 2027 had not outlined measures to mitigate potential energy cost shocks in the short, medium and long term.

On Tenaga Nasional Bhd’s RM15bil investment to strengthen the national power grid, he estimated that the project could translate into a cost of about RM3 for electricity consumption of around 600kWh, excluding borrowing costs.

He said cross-border electricity interconnections under the Asean Power Grid had long helped stabilise supply, although localised risks and future repair and maintenance requirements could affect operating costs.

Water and Energy Consumers Association of Malaysia president Dr Saravanan Thambirajah, who is also chief executive officer of the Federation of Malaysian Consumers Associations, said investments in the electricity grid must improve supply reliability

and accommodate a greater share of renewable energy without imposing unnecessary costs on consumers.

He said the investment should deliver measurable improvements, including fewer power interruptions and shorter restoration times.

Saravanan also called for transparency in project implementation and expenditure.

“Consumers must not be burdened with unnecessary tariff increases arising from inefficient spending or project delays,” he said.

On the Nur Madani rebate of up to RM200 for energy-efficient air conditioners and refrigerators, he said the assistance might be insufficient for many B40 households, given the

high upfront cost of such appliances.

He proposed additional targeted assistance, particularly for lower-income households seeking to replace old, inefficient refrigerators and air conditioners.

“Energy efficiency incentives must be accessible to those who need them most, not only those who can already afford to purchase new appliances.”

Saravanan also welcomed the extension of green investment tax allowances until Dec 31, 2030, but said the benefits should reach beyond large corporations.

He called for affordable green financing, technical assistance and simpler application procedures to help small and medium enterprises adopt cleaner technologies.