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Govt in talks with TNB, regulator on electricity subsidy measures for 2027



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KUALA LUMPUR (Oct 12): The government is in discussions with Tenaga Nasional Bhd (KL:TENAGA) and the Energy Commission (EC) on measures it can take to subsidise households' electricity next year, as fuel costs are expected to remain elevated.

This comes as the higher monthly household consumption threshold for the subsidised rate is set to expire the end of this year, according to Treasury Secretary-General Tan Sri Johan Mahmood Merican.

"In the meantime, the government is also re-looking together with TNB and EC at what is the way forward," Johan said at the Post-Budget 2027 Debate.

"That decision hasn't been firmed up in terms of what would be the parameters for next year," he said.

The level of subsidised electricity for households has been increased to 800 kilowatt-hours (kWh) a month from 600kWh until Dec 31.

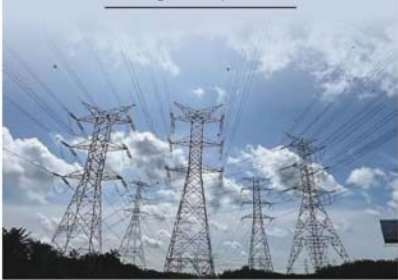
This means domestic users of up to this level of consumption will be exempt from the Automatic Fuel Adjustment (AFA), retail charges and Sales and Service Tax (SST) until the end of this year.

The AFA adjusts electricity generation

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charges monthly to reflect changes in fuel prices and other generation-related costs. When fuel and other generation costs rise, the AFA can result in higher electricity charges and vice versa.

Under the current expanded electricity tariff fuel surcharge exemption for households, TNB is absorbing the impact, estimated at between RM120 million and RM150 million.

Prime Minister Datuk Seri Anwar Ibrahim mentioned the current 2026 expanded electricity tariff fuel surcharge exemption arrangement in his Budget 2027 speech but did not disclose the government's plans for next year.

TNB, in which the government holds a golden share, had provided electricity subsidies during crises in the past, including RM150 million in 2020 during the Covid-19 pandemic. The government also sources allocations from the Electricity Industry Fund (KWIE) for the subsidies.

Shares of TNB ended 16 sen, or 1.24%, higher at RM13.04, valuing the group at RM76.01 billion.



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