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Govt allocates RM871 mil for ICPT surcharge cut for commercial, industrial users in 2H2024

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Page 1 of 2

KUALA LUMPUR (July 15): The government will allocate RM871 million to cover reductions in Imbalance Cost Pass-Through (ICPT) surcharge rates for commercial and industrial users in Peninsular Malaysia in the second half of the year (2H2024), announced Deputy Energy Transition and Water Transformation Minister Akmal Nasrullah Mohd Nasir.

This follows the government's decision to lower the ICPT surcharge by one sen to 16 sen per kilowatt-hour (kWh), from 17 sen kwh previously, for commercial and industrial users in the peninsula, for July to December this year.

"The surcharge for low-voltage non-domestic users, including Tariffs B and D, in specific agricultural tariff categories, and water and sewerage operators, has been reduced to 2.70 sen per kWh, while the surcharge for non-domestic users in the medium-voltage and high-voltage categories has been lowered to 16 sen/kWh," Akmal told the Dewan Rakyat on Monday.

Meanwhile, electricity tariffs for domestic users will remain unchanged in 2H2024, with an ICPT rebate of two sen per kWh for electricity consumption up to 600 kWh.

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There will be no ICPT surcharge for electricity consumption from 601 kWh to 1,500 kWh, with the surcharge applying only to consumption exceeding 1,500 kWh.

Akmal noted that the government's electricity subsidy for domestic users for the period totals RM1.312 billion.

He added that the government had decided to shift to a targeted approach from blanket electricity subsidies from 2023, due to the high cost imposed on the government previously.

Additionally, companies and industries consuming large amounts of electricity had received a larger share of subsidies compared to domestic consumers.

The deputy minister further noted that RM16.52 billion was spent on electricity subsidies in 2022, followed by RM7.14 billion in 2023.

Nevertheless, Akmal emphasised that electricity tariffs in the peninsula remain competitive, and are among the lowest in Southeast Asia, and this had successfully attracted interest from foreign investors, such as Google, Microsoft, and others, to invest in Malaysia.