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## New power tariff fair and timely, says Fomca



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# New power tariff **fair** **and timely**, says Fomca

'Revised regulatory structure lowers costs, rewards efficient use and protects vulnerable groups'

**KUALA LUMPUR:** The Federation of Malaysian Consumers Associations (Fomca) has voiced full support for the new electricity tariff structure under Regulatory Period 4 (RP4), describing it as timely, progressive and beneficial for Malaysian households.

Fomca CEO Dr T. Saravanan said the new tariff, which will be implemented from July 1 to Dec 31, 2027, under the Incentive-Based Regulation (IBR) framework, reflects a fairer and more transparent energy pricing system.

"This initiative comes at a crucial time when many households are facing financial pressures due to inflation and the rising cost of living," he told Bernama.

The revised structure reduces the average base tariff from 45.62 sen per kilowatt hour (kWh) to 45.4 sen/kWh, contributing to an estimated 19% reduction in total average electricity costs compared with the previous regulatory period.

Saravanan said although the reduction may appear marginal, it is backed by structural reforms that offer greater protection to domestic users, particularly those in the B40 and M40 income groups.

He highlighted the introduction of the Energy Efficiency Incentive, which exempts households consuming 1,000 kWh or less per month from any tariff increase, rewarding energy efficiency and encouraging responsible consumption.

"The updated structure also features a more detailed billing system, with breakdowns of energy generation, network usage, capacity charges and retail costs.

"This level of transparency empowers consumers to understand their bills better and provides clarity on how costs are derived, thereby enhancing trust and encouraging more mindful energy use," he said.

The expanded Time of Use scheme now covers weekends and off-peak weekday hours from 10pm to 2pm the following day, allowing users to save more by shifting high-consumption activities to these periods.

Fomca also welcomed continued protection for vulnerable groups, including the RM40 monthly rebate for hardcore poor households under the e-Kasih programme as well as dedicated

tariffs for the agriculture, water, sanitation and rail sectors.

A 10% rebate will remain in place for educational institutions, places of worship and registered welfare homes.

Saravanan said replacing the current Imbalance Cost Pass-Through mechanism with the new Automatic Fuel Adjustment system will improve price responsiveness to global fuel and currency fluctuations, but stressed the importance of clear communication on any resulting changes to consumer bills.

He also urged the Domestic Trade and Cost of Living Ministry to intensify enforcement against unjustified price increases in essential goods that may be linked to the tariff changes.

"Fomca will continue to monitor the implementation closely and advocate ongoing consumer engagement, education and regulatory enforcement to maximise the impact of this policy reform," he said.

The Energy Commission announced that from July 1, over 23.6 million domestic users in Peninsular Malaysia will benefit from a fairer and more progressive electricity tariff structure under the RP4 schedule, which includes changes to the average base tariff, overall structure and fuel cost adjustment mechanism, implemented through the IBR framework.