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by HIDAYATH HISHAM

DOMESTIC electricity users consuming 600 kilowatt-hours (kWh) or less per month will be exempted from automatic fuel cost adjustments under the new electricity tariff mechanism introduced on July 1.

Energy Transition and Water Transformation Minister Datuk Seri Fadillah Yusof said the exemption is part of the government's effort to shield lower- and middle-income households from rising energy costs while encouraging efficient energy use.

"The implementation of the Automatic Fuel Cost Adjustment (AFA) will be done on a monthly basis, replacing the previous Imbalance Cost Pass-through (ICPT) mechanism, which was reviewed every six months.

"However, domestic users consuming 600kWh or less will be automatically exempted from this adjustment," he said in the Dewan Rakyat two weeks ago.

He was responding to Datuk Seri Takiyuddin Hassan (Pakatan Nasional [PN]-Kota Bharu), who asked about the changes to Tenaga Nasional Bhd's (TNB) billing structure, including how it ensures cost fairness, energy efficiency and targeted subsidies for the bottom 40% (B40) and middle 40% (M40) income groups.

Fadillah said the Energy Commission (EC) introduced the new tariff structure on June 20, which came into effect in Peninsular Malaysia on July 1. It replaces the previous tiered domestic tariff structure.

The revised structure is

Pic by Muhd Amin Naharul

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guided by four principles, namely tariff transparency, cost-reflective pricing, fair cost distribution and minimal impact on domestic users.

Under the new system, electricity bills now comprise four components — energy charge, capacity charge, network charge and retail charge — replacing the previous model, which only included an energy charge and minimum charge.

In addition, non-domestic tariffs are no longer determined by economic sector but by voltage level to better reflect actual supply costs.

To cushion the impact, the government is introducing several incentives and targeted support schemes. These include energy efficiency incentives for

domestic users consuming up to 1,000kWh per month and micro, small and medium enterprises (MSMEs) with monthly usage of 200kWh or less.

"These incentives are intended to promote smarter energy management and prevent MSMEs from having to raise the prices of goods or services due to the new tariffs," he said.

Fadillah added that domestic users consuming 600kWh or less are also exempted from the retail charge, as part of the government's direct assistance measures.

The government estimates that about 85% of domestic users will remain unaffected and continue to be protected under the new tariff structure.