



**Sustainable Energy Development Authority Malaysia (SEDA Malaysia)**

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PRESS RELEASE: IMMEDIATE RELEASE

TO : THE NEWS EDITOR

## **SEDA MALAYSIA EXPLAINS THE 1% SURCHARGE FROM TNB BILLS IS FOR FUNDING FEED-IN TARIFF**

Putrajaya, Thursday (2<sup>nd</sup> May 2013): The Sustainable Energy Development Authority Malaysia (SEDA Malaysia) today clarified the purpose of the 1% surcharge that TNB imposes on their electricity bills to consumers. According to the Chief Executive Officer of SEDA Malaysia, Puan Badriyah Abdul Malek, the collection of the 1% surcharge on the electricity bill is to contribute towards the Renewable Energy (RE) Fund for the implementation of the Feed-in Tariff (FiT) mechanism which commenced since 1<sup>st</sup> December 2011.

The Renewable Energy Fund was established through the enforcement of the Renewable Energy Act 2011. The RE Fund is an important part of the FiT mechanism which has been approved by the Government to spear head the growth of the renewable energy in the country. Renewable energy is an important alternative source of energy which is the cornerstone of any economy. "This clarification is necessary because SEDA Malaysia noticed that in the past few weeks, the 1% has become an issue which has gone viral over the online social network," said Pn Badriyah.

Pn Badriyah also asserted the collection of the 1% surcharge on all affected electricity consumers was an important decision by the Government with the main objective to push for RE or generation of clean energy



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development in the country. The national portfolio of renewable energy has grown at a faster pace within a year compared how it was 10 years ago. She reiterated the public had been misled to perceive the collection of 1% surcharge by the TNB was a devious scheme to collect money from the Rakyat. The main function for the establishment of the RE Fund is to pay the tariff for electricity generated from renewable sources by renewable energy producers and individuals under the FiT mechanism; managed and administered by SEDA Malaysia.

The public is urged to seek any clarification directly with SEDA Malaysia if they have any questions regarding the 1% surcharge. “This is preferable instead of spreading misleading ideas over the online social network. The journey to get the RE Act 2011 approved by the Parliament took a paramount effort and we have come a long way to encourage the country to embrace renewable energy as an alternative solution to over reliance on fossil fuel”, said Pn Badriyah. Henceforth, she also mentioned individuals are also encouraged to take part in the FiT mechanism. According to Pn Badriyah individuals can also contribute and generate clean energy to the grid by participating in the Solar Home Rooftop programme launched by SEDA Malaysia on 24<sup>th</sup> September 2012. More information on FiT and RE is available at [www.seda.gov.my](http://www.seda.gov.my).

Background: The government has approved the implementation of Feed-in Tariff Mechanism in Malaysia when the Renewable Energy Act 2011 (Act 725) was enforced on 1<sup>st</sup> December 2011. The aim of the policy decision is to promote the deployment of renewable energy (solar photovoltaic, biomass, biogas & small hydro) in the country’s energy mix, which currently depends primarily on fossil fuels (gas, coal, petroleum). Fossil fuels have been identified



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to be the major contributor towards global warming or climate change issue facing the world. This climate change phenomenon is a global concern because it has caused extreme weather events such as drought, floods, hurricanes and others. In the spirit of global community every country must take measures to mitigate these grave consequences of climate change by looking for alternative energy sources.

With the enforcement of RE Act 2011, domestic electricity users who consume more than 300kWh (equivalent to RM 77) per month will be imposed with 1% additional charges on the total of their electricity bill, to be contributed to the Renewable Energy Fund or Kumpulan Wang Tenaga Boleh Baharu. However, the Government noted 75% of the electricity consumers will not contribute to the RE Fund. The non-domestic consumers will contribute to the 1% regardless of their amount of electricity used in that month. The collection of the RE Fund is using the polluters pay concept whereby those who consume more electricity will contribute more in generating a clean and environmentally friendly energy to the country's grid. Apart from that, this will inculcate the efficient use of electricity among consumers.

FiT enable RE power producers to be paid the premium tariff and sell the energy generated to participating Distribution Licensees (such as Tenaga Nasional Berhad) within a specific duration of time as stipulated in the Renewable Power Purchase Agreement (REPPA). For example for solar photovoltaic (PV) the duration of REPPA is 21 years.

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