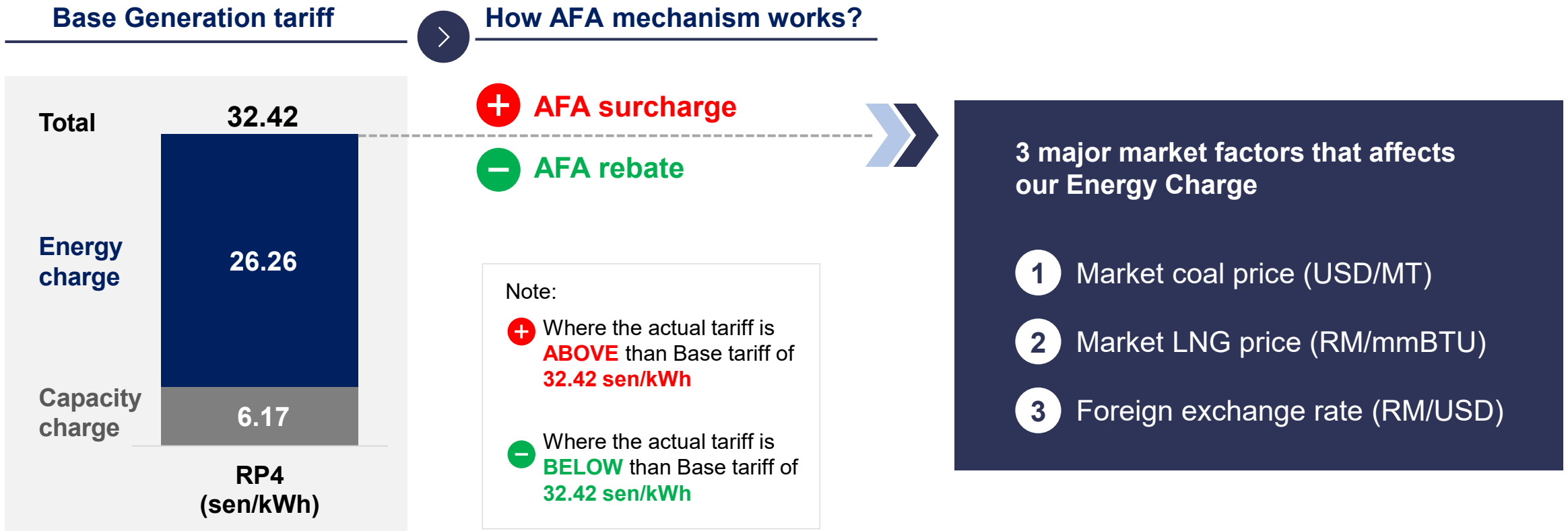


AFA FAQ

Q1 What is Automatic Fuel Adjustment (“AFA”)?

AFA is a mechanism under the Incentive-Based Regulation (IBR) framework that allows for automatic monthly adjustments to reflect the variation (either rebate or surcharge) in the variable component of the Energy Charge, where where it is subjected to the **(i) movement in the global fuel prices (e.g. coal & gas)** and **(ii) movement in the foreign currency (e.g. USD to RM)**.

Below is the illustration of AFA mechanism.



AFA FAQ

Q2 Who is responsible for AFA mechanism?

Pursuant to Guidelines on Electricity Tariff Determination Under Incentive Based Regulation for Peninsular Malaysia 2025 (IBR Guidelines), Single Buyer is responsible to calculate and submit the monthly AFA to Suruhanjaya Tenaga for approval and implementation.

Q3 What are the components of the AFA?

There are two (2) key AFA components:

- **Fuel costs** capture any variation in fuel cost (specific to gas and coal) arising from changes in the fuel price, fuel quantity, generation mix, foreign exchange rate and etc.
- **Other generation-related costs** capture any variation in other generation-related costs arising from changes in other costs associated with the Power Purchase Agreements (PPAs) & Service Level Agreements (SLAs) and fuel procurement contracts i.e. Coal Supply Agreement (CSA), Coal Supply and Transportation Agreement (CSTA), Gas Supply Agreement (GSA) / Gas Framework Agreement (GFA) and etc.

AFA FAQ

Q4 How is the AFA amount calculated?

The AFA is calculated based on the monthly forecast fuel cost and other generation-related costs, including AFA adjustments, against the corresponding baseline costs in the Base Tariff.

Generally, the AFA calculation in the IBR Guidelines is formulated as below:

$$\left[\begin{array}{c} \text{Forecast} \\ \text{Energy Charge} \end{array} - \begin{array}{c} \text{Base Energy} \\ \text{Charge} \end{array} \right] \times \text{Forecast Sales} = \text{AFA}$$

If the forecast Energy Charge is lower than the Base Energy Charge, the difference is deducted (as a rebate) from your electricity bill. If it is higher, a surcharge is added.

Q5 What is the rationale behind the current AFA rebate?

The AFA rebate is given following from the generation cost savings of RM 47 million (equivalent to 0.47 sen/kWh), incorporating the following:

- i. reduction in Apr-26 fuel cost as a result from lower fuel prices than base fuel prices; and
- ii. additional Jan-26 generation cost (reflected in Apr-26 based on actual cost incurred) arising from higher gas generation and alternate fuel due to force outage of coal plants and lower lake level in Temenggor that impacted the hydro generation from Sungai Perak Hydro Station.