

# OTHERS IMBALANCE COST PASS-THROUGH FOR JULY - DECEMBER 2019

## TENAGA NASIONAL BHD

Type	Announcement
Subject	OTHERS
Description	IMBALANCE COST PASS-THROUGH FOR JULY - DECEMBER 2019

Tenaga Nasional Berhad (“TNB”) wishes to inform that the Government of Malaysia (“Government”) has approved via a letter from Suruhanjaya Tenaga (“ST”) dated 28 June 2019, the continued implementation of Imbalance Cost Pass-Through (“ICPT”) mechanism for the period of 1 July until 31 December 2019.

For the period of 1 January until 30 June 2019, the additional generation cost or imbalance cost is RM1,592 million due to higher fuel and generation cost. This is mainly as result of the increase in average coal price to USD99.235/metric tonne, as compared to the forecasted coal price set in the base tariff for Regulatory Period 2 (“RP2”) from 2018 to 2020, which is at USD75/metric tonne. Higher electricity demand has also resulted in the increase in the fuel and generation cost for this period.

To cushion the impact of the additional fuel and generation cost of RM1,592 million for this period, the Government has approved the following:

- a. The use of Kumpulan Wang Industri Elektrik (“KWIE”) amounting to RM107 million;
- b. Revenue adjustment of TNB in accordance with the Incentive Based Regulation mechanism amounting to RM336.7 million, which was agreed during the base tariff determination in RP2 under the Incentive Based Regulation framework.

Therefore, the remaining imbalance cost to be passed-through via the ICPT mechanism is RM1,148 million. The ICPT implementation for period of 1 July 2019 until 31 December 2019 for full recovery of the remaining imbalance cost of RM1,148 million are as follows:

- i. The average base tariff remain unchanged at 39.45 sen/kWh.**
- ii. Domestic Customers\* – not affected by the ICPT surcharge**

No ICPT surcharge will be applied to all domestic customers.

### **iii. Non-Domestic Customers**

Current ICPT surcharge of 2.55 sen/kWh will continue to be maintained for period of 1 July 2019 until 31 December 2019 for all non-domestic customers.

The above has also reflected the Cabinet’s decision on 3 May 2017 allowing the adjustment of the regulated piped-gas price for the power sector with an automatic increase of RM1.50/mmbtu every six (6) months until reaching reference market price for a period of three (3) years, starting from 2018 until 2020.

Electricity customers will now have the ability to estimate future ICPT impact using the ICPT Calculator available at <https://myelectricitybill.my>.

Please refer to ST’s website (<https://www.st.gov.my>) for further details on the ICPT implementation.

The ICPT is a mechanism approved by the Government and implemented by ST since 1 January 2014 as part of a wider regulatory reform called the Incentive Based Regulation. ICPT mechanism allows TNB to reflect changes in fuel and generation costs in consumer’s electricity tariff every six (6) months. This mechanism is implemented according to Section 26 of Electricity Supply Act 1990 [Act 447]. TNB also wishes to inform that the impact of ICPT implementation is neutral on TNB and will not have any effect to its business operations and financial position.

*\* domestic customers refer to residential customers.*

This announcement is dated 28 June 2019.



### Announcement Info

<b>Company Name</b>	TENAGA NASIONAL BHD
<b>Stock Name</b>	TENAGA
<b>Date Announced</b>	28 Jun 2019
<b>Category</b>	General Announcement for PLC
<b>Reference Number</b>	GA1-28062019-00004