

OTHERS REGULATORY PERIOD 4 IMPLEMENTATION

TENAGA NASIONAL BHD

Type	Announcement
Subject	OTHERS
Description	REGULATORY PERIOD 4 IMPLEMENTATION

Tenaga Nasional Berhad ("TNB") wishes to inform that the Government of Malaysia ("Government") has approved the implementation of Regulatory Period 4 ("RP4") under the Incentive Based Regulation ("IBR") framework for the period of January 2025 to December 2027. This decision was informed via a letter from Suruhanjaya Tenaga ("ST") to TNB dated 24 December 2024. The determination process is consistent with methodology and procedures set out under the Regulatory Implementation Guidelines (RIGs) by ST.

The allowed Capital Expenditure ("CAPEX") is RM42.821 billion which consists of RM26.554 billion base CAPEX and RM16.267 billion contingent CAPEX. The total allowed CAPEX for RP4 is set to bring significant economic benefits towards stimulating the nation's economy and preparing the electricity network to facilitate the nation's energy transition agenda.

The allowed Operating Expenditure ("OPEX") is RM20.782 billion which support the planning and execution of necessary operational and maintenance activities for all of TNB's electrical infrastructures.

The regulatory rate of return has been maintained at 7.3% as per Regulatory Period 3. This will enable TNB to make essential investments in the industry, ensuring a continuous and reliable electricity supply to meet the growing demand of customers.

Generation costs remain the largest component of the electricity tariff, with gas and coal continue to be the primary fuel sources for electricity generation during this period. Any additional generation costs resulting from higher fuel prices for electricity supply will be passed through via the Imbalance Cost Pass-Through ("ICPT") mechanism. TNB remains neutral in this regard and there will be no impact to the Company's business operations or financial position.

The current electricity tariff schedule which has been in place since 2014, will continue to be in effect, with no change in the electricity tariff rate and tariff structure until 30 June 2025. The new tariff schedule with base tariff on 45.62 sen/kWh for RP4 is proposed to be implemented starting 1 July 2025 and any differences from January to June 2025 will be funded through *Kumpulan Wang Industri Elektrik ("KWIE")*.

The Government's decision to implement RP4 is a testament of the Government's commitment to the IBR framework, which has been the pillar of sustainability and stability of the electricity supply industry. It provides a transparent regulatory framework, advocates cost efficiencies and ensures financial and operational sustainability of the system and the industry.

Through RP4 implementation under IBR, TNB commits to ensure a reliable and continuous supply of electricity to our customers, enhance customer service level and facilitate the nation's energy transition agenda. In addition, TNB remains dedicated in supporting the nation through corporate social responsibility initiatives while ensuring a sustainable and resilient electricity system.

This announcement is dated 26 December 2024.

Announcement Info	
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