

OTHERS REGULATORY PERIOD 3 IMPLEMENTATION

TENAGA NASIONAL BHD

Type	Announcement
Subject	OTHERS
Description	REGULATORY PERIOD 3 IMPLEMENTATION

Tenaga Nasional Berhad (“TNB”) wishes to inform that the Government of Malaysia (“Government”) has approved, via a letter from Suruhanjaya Tenaga (“ST”) dated 28 January 2022, to implement the Regulatory Period 3 (“RP3”) under the Incentive Based Regulation framework (“IBR”) for the period of February 2022 to December 2024.

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.

The decision on the key parameters of RP3 was done following rigorous scrutiny and review by Suruhanjaya Tenaga, Kementerian Tenaga dan Sumber Asli (KeTSA) and further deliberation at the Cabinet, consistent with the process set-out under the Regulatory Implementation Guidelines (RIGs).

The allowed Operating Expenditure (OPEX) and Capital Expenditure (CAPEX) of RM17.96 billion and RM20.55 billion respectively, as well as a fair and reasonable regulatory return that is maintained as per Regulatory Period 2, allows TNB to plan and perform necessary operation and maintenance work for all of TNB’s electrical infrastructure and enable essential investment into the industry to ensure continuous and reliable electricity supply, meet the growing customers demand and also prepare the electricity network for energy transition. The allowed CAPEX for RP3 is set to bring significant economic benefit towards stimulating the nation’s economic recovery.

Generation costs continues to be the largest cost component of the electricity tariff, where 65% of the tariff for RP3 is contributed by generation costs. Gas and coal, both at market price continues to be the main sources of fuel for the electricity generation for this period. Base coal price and gas price for RP3 period are USD79/MT and RM26/MMBtu based on 2-tier gas pricing.

The Government’s decision to implement the RP3 is a testament of the Government’s commitment to the IBR framework, which has been the pillar for the sustainability and stability of the electricity supply industry. It provides transparent regulatory framework, advocate cost efficiencies and ensure financial and operational sustainability of the system and the industry. This may result in fair and reasonable regulated financial returns for the regulated segment of TNB.

Through RP3 implementation under IBR, TNB commits to ensure reliable and continuous supply of electricity to our customers, maintaining the customer service level, and continue to give back to the Rakyat through our various corporate social initiatives.

This announcement is dated 24 February 2022.

Announcement Info	
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