OTHERS IMBALANCE COST PASS-THROUGH TARIFF REBATE

TENAGA NASIONAL BHD

Type	Announcement
Subject	OTHERS
Description	IMBALANCE COST PASS-THROUGH TARIFF REBATE

Tenaga Nasional Berhad (TNB) wishes to inform that the Government of Malaysia (Government) has announced that the Imbalance Cost Pass-Through (ICPT) rebate of 2.25 sen/kWh will be maintained for the period effective from 1 July 2015 until 31 December 2015. The ICPT rebate will be applicable to all consumers except Domestic consumers with monthly consumption of 300 kWh and below.

The Government also announced the revision of the piped gas price for the power sector from RM15.20/mmBTU to RM16.70/mmBTU effective 1 July 2015. This RM1.50/mmBTU increase in piped gas is implemented as part of the energy subsidy rationalisation program.

Despite the increase in piped gas, the Government is still able to maintain the the ICPT rebate of 2.25 sen/kWh following the RM1,085.67 million of net savings in fuel and other generation costs for the period from January to June 2015. The savings are mainly contributed by a reduction in the use of Liquefied Natural Gas (LNG) for electricity generation supported by the high performance of coal power plants, as well as the downward trend of coal prices. This amount is also inclusive of RM300 million of savings from the renegotiation of the Power Purchase Agreement (PPA) savings of the 1st generation Independent Power Producers (IPPs).

The ICPT is a mechanism approved by the Government and implemented by Energy Commission since 1 January 2014 as part of a wider regulatory reform called the Incentive Based Regulation (IBR). ICPT mechanism allows TNB to reflect changes in fuel and generation costs in consumer's electricity tariff every six (6) months, subject to the Government's decision and approval.

TNB also wishes to inform that the impact of the ICPT implementation is neutral on TNB and will not have any effect over the consecutive ICPT review periods to its business operations and financial position.

This announcement is dated 25 June 2015.

Announcement Info

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