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Not much of an earnings impact for Tenaga

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TENAGA Nasional Bhd (Tenaga) is not likely to feel much of an earnings impact from the electricity tariff hike under the Regulatory Period 4 (RP4) as it may have accounted for the higher costs of coal and gas.

This comes as Tenaga in a December 27, 2024 statement to Bursa Malaysia said that starting next July, the base electricity tariff in Peninsular Malaysia will be raised by 14.2 per cent to 45.62 sen per kilowatt-hour (kWh), along with a new tariff schedule.

The change will take place under the three-year RP4 that will be effective from January 2025 to Dec 2027. Under the RP3 2022-2024, base tariff was set at 39.95 sen/kWh.

However, for the first six months of RP4 until June 30, 2025, there will be no change in the electricity tariff rate and tariff structure.

AmlInvestment Bank Bhd (AmlInvestment Bank) estimated that Tenaga's Imbalance Cost Pass-Through (ICPT) charge would be smaller and therefore would not be a large change in revenue.

"Actual tariff realised by consumers in the second half

of 2025 (2H25) may be slightly higher than current levels," it said in its analysis yesterday.

"We believe that presently, the actual or final tariff incurred by most users is between 45 sen and 50 sen per kWh.

"These are inclusive of the ICPT surcharge of 16 sen/kWh (for commercial and industrial users).

"If the proposed base tariff of 45.6 sen/kWh has already reflected the higher coal and gas costs, AmlInvestment Bank said the final tariff in 2H25 may be slightly higher than current levels due to a smaller ICPT surcharge.

So far, Tenaga has not released the new tariff table yet.

"We believe that the price cap would still apply if TNB's average tariff realised is higher than RP4's base of 45.62 sen/kWh (RP3 at 39.95 sen/kWh).

"Tenaga's realised tariff may be higher than the base tariff if there is a change in the customer mix, for example having a larger number of commercial users."

To note, Tenaga and Energy Commission have not released the reference prices for coal and gas under RP4 yet. Presently, Newcastle coal price is US\$124 per tonne versus RP3's reference price of US\$79 per tonne.

The exchange rate is RM4.48 per US dollar compared to RM4.12 under RP3.



Actual tariff realised by Tenaga's consumers in 2H25 may be slightly higher than current levels. — Bernama photo