

Headline	EC`s KWIE fund logged RM990m loss in 2022 on tariff rebate expenses		
MediaTitle	The Edge CEO Morning Brief		
Date	07 Mar 2024	Language	English
Circulation	25,910	Readership	77,730
Section	Home	Page No	4
ArticleSize	296 cm ²	Journalist	IZZUL IKRAM
PR Value	RM 16,995		



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KUALA LUMPUR (March 6): The Electricity Industry Fund (KWIE) found itself among the top five loss-making federal agencies in 2022, with a loss of RM990 million, on the back of hefty electricity tariff rebate expenses, according to the Auditor General's Report on federal agencies for 2022.

KWIE, a fund under the Energy Commission to support the Imbalance Cost Past-Through (ICPT) mechanism and cushion the impact of electricity tariffs on consumers, logged RM1.02 billion in expenses and RM25 million in revenue.

"This occurred because KWIE did not receive any revenue on excess electricity tariff rebates/surcharges due to an increase in fuel costs," the AG's Report disclosed. "In addition, KWIE's funds were used to cover rebate expenses as mitigation to reduce the impact of electricity tariffs on consumers."

Established in 2016, KWIE gathers excess tariff collections when fuel costs are low, and disburses them when costs are high to keep tariffs stable.

However, due to tariff discounts in 2020, and prolonged rebates in 2021 and 2022, KWIE experienced a period of under-recovery with excess ICPT being a rarity.

It is unclear how much KWIE currently has in its coffers, but as at end-December 2021, the fund had RM1.62 billion in short-term investments, RM178.77 million in cash and cash equivalents, while current liabilities stood at RM266.5 million, according to the fund's 2021 annual report.

KWIE recorded a net profit of RM996.73 million for 2021 on revenue of RM1.52 billion, mainly thanks to excess ICPT of RM1.11 billion received from Tenaga Nasional Bhd for the first half of 2021 (1H2021).

While fuel prices remained largely below benchmark coal and gas prices — which are used to calculate base electricity tariffs — in 1H2021, they later exceeded benchmark prices in 2H2021 and stayed elevated in 2022 and 2023.