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TNB to return excess profits above 7.3% to industry fund under new tariff framework, says deputy minister

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KUALA LUMPUR (Aug 13): Tenaga Nasional Bhd (TNB) (KL: TENAGA) must give back any profits above the government's 7.3% limit from its regulated business to the Electricity Industry Fund (KWIE), said Deputy Minister of Energy Transition and Water Transformation Akmal Nasrullah Mohd Nasir.

He said this in response to Bagan member of Parliament Lim Guan Eng's question about how much profit TNB expects each year and from the 14.2% electricity tariff hike for businesses starting July 1. Lim also asked if the tariff increase could be delayed or spread out since TNB's profits have already grown by over 70% in 2024.

This rule applies to TNB's regulated business, which makes up over 70% of its revenue, under the Incentive-Based Regulation (IBR) framework.

The 7.3% return rate has stayed the same since 2018, and will apply during Regulatory Period 4 (2025–2027), which

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has a higher base tariff per kilowatt-hour (kWh) of 45.4 sen.

KWIE, managed by the Energy Commission, helps reduce the impact of electricity tariffs on consumers.

Akmal said the profit cap is justified, given TNB's investment needs to upgrade the national grid, support the Asean Power Grid, build and maintain power plants, in-

stall smart meters, digitalise the energy system, and integrate more renewable energy.

"This rate of return is reasonable to ensure TNB remains stable as a utility company capable of delivering the best service to consumers," Akmal told the Dewan Rakyat on Wednesday during the oral question-and-answer session.

He added that the rate also takes into consideration providing a fair return to TNB's major shareholders, who comprise government-linked investment companies (GLICs) such as Khazanah Nasional Bhd, the Retirement Fund (Incorporated) or KWAP, and the Employees Provident Fund (EPF).

From 2018 to 2023, TNB paid a total of RM15.75 billion in dividends to these major shareholders, Akmal said.



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