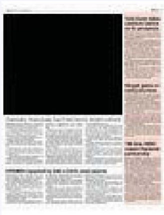
AUTHOR: Ganeshwaran Kana SECTION: STARBIZ PAGE: 3 PRINTED SIZE: 404.00cm² REGION: KL
MARKET: Malaysia PHOTO: Full Color ASR: MYR 20,332.00 ITEM ID: MY0061950336



27 DEC, 2024

Base electricity tariff to rise 14.2percent starting July

The Star, Malaysia

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A new tariff schedule will also take effect under RP4

UTILITIES

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PETALING JAYA: Starting next July, the base electricity tariff in Peninsular Malaysia will be raised by 14.2% to 45.62 sen per kilowatt-hour (sen/kWh), alongside a new tariff schedule.

This change will take effect under the Regulatory Period 4 (RP4), which will run from January 2025 to December 2027.

Under the previous RP3 (2022-2024), the base tariff was set at 39.95 sen/kWh.

However, there will be no change in the electricity tariff rate and tariff structure for the first six months of RP4, until June 30, 2025. This means consumers are given six months to adjust to the new base tariff.

"Any differences from January to June 2025 (between the new and old base tariff rates) will be funded through Kumpulan Wang Industri Elektrik," Tenaga Nasional Bhd (TNB) told the bourse yesterday.

The current electricity tariff schedule has been in place since 2014.

TNB said the government's decision to implement RP4 is a testament of its commitment to the Incentive-Based Regulation (IBR) framework.

Under RP4, the allowed capital expenditure (capex) is RM42.821bil, which consists of RM26.554bil for base capex and RM16.267bil for contingent capex.

According to TNB, the total allowed capex for RP4 is set to bring significant economic benefits, stimulating the nation's economy and preparing the electricity network to facilitate the nation's energy transition agenda.

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>
> Tenaga Nasional Bhd

The allowed operating expenditure is RM20.782bil, which supports the planning and execution of necessary operational and maintenance activities for all of TNB's electrical infrastructures.

It said the regulatory rate of return has been maintained at 7.3%, as per RP3, enabling TNB to make essential investments to ensure sufficient electricity supply to meet customers' growing demand.

Generation costs remain the largest component of the electricity tariff, with gas and coal continuing to be the primary fuel sources for electricity generation during this period.

Any additional generation costs resulting from higher fuel prices for electricity supply will be passed through via the Imbalance Cost Pass-Through mechanism.

"TNB remains neutral in this regard and there will be no impact to the company's business operations or financial position," said the utility giant.

In a separate announcement, TNB announced that it had received a letter of notification from the Energy Commission (EC) as a shortlisted bidder to develop a 500MW alternating current large-scale solar photovoltaic (PV) plant in Kuala Muda, Kedah.

In a filing with Bursa Malaysia, TNB said the project follows the fifth large-scale solar bidding round, a competitive bidding process conducted by the EC.

"This project aligns with our renewable-energy growth objectives and supports our energy transition initiatives towards achieving net zero by 2050.

"It is expected to be earnings accretive to TNB upon the commissioning of the project," it said.

TNB noted that the project will not have any material effect on its consolidated net assets per share before commissioning.

"The project will be financed through a combination of debt and equity," it said.