

# 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 an Imbalance Cost Pass-Through ("ICPT") subsidy of 2.54 sen/kWh effective from 1 July 2017 until 31 December 2017.

For ICPT period July to December 2017, the Government will bear a total cost of RM1.303 billion comprises of:

a. The actual Imbalance Cost for period January to June 2017 of RM523.23 million, resulting a surcharge of 1.02 sen/kWh. This additional cost was mainly due to (i) rising coal prices in the global market and due to the impact of foreign exchange rates on ringgit, (ii) additional gas cost of RM280 million following the Government's subsidy rationalisation plan and Government's decision to further increase the piped gas price by RM1.50/mmBTU to the power sector from the current RM21.20/mmBTU to RM22.70/mmBTU.

The new gas price of RM22.70/mmBTU will be effective from 1 July 2017.

b. The cost to continue the current ICPT rebate of 1.52 sen/kWh, which amounts to RM780 million.

The Government will fund the above amount of RM1.303 billion by utilising the PPA Saving Fund, which is a fund set-up by the Government to accumulate savings from the Renegotiation of Power Purchase Agreements with the First Generation Independent Power Producers. The objective of this PPA Saving Fund is to cushion the impact on tariff to the customers due to the fluctuation of fuel prices.

This 1.52 sen/kWh rebate will be applicable to all consumers except Domestic consumers with monthly consumption of 300 kWh and below.

The ICPT is a mechanism approved by the Government and implemented by Suruhanjaya Tenaga ("ST") 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 Government's decision and approval.

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

This announcement is dated 30 June 2017.

### Announcement Info

Company Name	TENAGA NASIONAL BHD
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