

OTHERS IMBALANCE COST PASS-THROUGH FOR JANUARY - JUNE 2020

TENAGA NASIONAL BHD

Type	Announcement
Subject	OTHERS
Description	IMBALANCE COST PASS-THROUGH FOR JANUARY - JUNE 2020

Tenaga Nasional Berhad (“TNB”) wishes to inform that the Government of Malaysia (“Government”) has approved via a letter from Suruhanjaya Tenaga (“ST”) dated 6 December 2019, the continued implementation of Imbalance Cost Pass-Through (“ICPT”) mechanism for the period of 1 January until 30 June 2020.

For this period of ICPT implementation, the Government has approved a reduction in ICPT surcharge from the current 2.55 sen/kWh to 2.00 sen/kWh for non-domestic customers. A reduction of 0.55 sen/kWh ICPT surcharge is recorded due to reduction in actual coal costs for period July to December 2019, although the actual average coal prices are still above the benchmark fuel prices set in the base tariff for Regulatory Period 2 (“RP2”) from 2018 to 2020. Higher electricity demand has also contributed to the increase in fuel and associated generation costs for this period.

Details of the actual fuel prices for period July to December 2019 are as follows:

(i) Increase in the average coal price to USD77.35/metric tonne, as compared to the benchmark coal price set in the base tariff at USD75/metric tonne.

(ii) Continuous increase of RM1.50/mmBTU in the regulated piped gas price from RM27.20/mmBTU in the benchmark price set in the base tariff to RM28.70/mmBTU. This is based on Cabinet’s decision on 3 May 2017, allowing the adjustment of the regulated piped gas price for the power sector with an automatic increase of RM1.50/mmBTU every six (6) months until it reaches Reference Market Price for a period of three (3) years from 2018 until 2020.

The above ICPT surcharge will be implemented on the average base tariff of 39.45 sen/kWh as follows:

(i) Domestic Customers* – not affected by the ICPT surcharge

No surcharge will be applied to domestic customers. Total amount of RM62.95 million is utilised from Kumpulan Wang Industri Elektrik (“KWIE”) fund to cushion the ICPT surcharge for domestic customers.

(ii) Non-Domestic Customers

ICPT surcharge of 2.00 sen/kWh for non-domestic customers.

In addition, any shortfall or excess in the ICPT will be funded or transferred to customers via KWIE fund.

In line with the Incentive Based Regulation (“IBR”) framework and mechanism for base tariff determination in RP2, total revenue adjustment of TNB amounting to RM774 million will be transferred to the KWIE fund to aid in the stabilisation of electricity tariff in the future via gradual build-up of the fund.

Electricity customers will now have the ability to estimate future ICPT impact using the ICPT Calculator available at www.myelectricitybill.my.

Please refer to ST’s website (<http://www.st.gov.my/>) for further details on the ICPT implementation.

The ICPT is a mechanism approved by the Government and implemented by ST since 1 January 2014 as part of a wider regulatory reform called the IBR. ICPT mechanism allows TNB to reflect changes in fuel and generation costs in consumer’s electricity tariff every six (6) months. This mechanism is implemented according to Section 26 of Electricity Supply (Amendment) Act 2015. 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.

*domestic customers refer to residential customers.

This announcement is dated 6 December 2019.

 Announcement Info	
Company Name	TENAGA NASIONAL BHD
Stock Name	TENAGA
Date Announced	06 Dec 2019
Category	General Announcement for PLC
Reference Number	GA1-06122019-00061