



PRESS STATEMENT

S.A. 2019/10/63 (HQ)

TNB THE FIRST TO BRING IN GAS UNDER THIRD PARTY ACCESS ARRANGEMENT

- Maiden LNG trial cargo in October 2019
- Delivered gas price is below regulated gas price

TNB Fuel Services Sdn Bhd (TNBF), a wholly-owned subsidiary of Tenaga Nasional Berhad (TNB) today signed a Gas Sales Agreement (GSA) with TNB and TNB Connaught Bridge Sdn Bhd for the delivery of gas via its maiden LNG trial cargo.

A total of 3.5 trillion British thermal units (TBtu) gas will be delivered to TNB's Tuanku Jaafar Power Station in Port Dickson and TNB Connaught Bridge Power Station in Klang. The gas from this LNG trial cargo is expected to be consumed fully by these two power plants within 14 days with a daily average quantity of 270,000 Gigajoules (GJ).

The main objective of TNB bringing in its maiden LNG trial cargo is to test the third party access (TPA) arrangement via the Regasification Terminal (RGT) in Sg. Udang, Melaka and Peninsular Gas Utilisation (PGU) gas pipeline network owned by PETRONAS Gas Berhad (PGB). At present, no other entity has ever brought in LNG cargo or delivered gas to the power generation sector except for PETRONAS, as the sole supplier.

The Gas Supply Act 1993 was amended in 2016 and came into effect on 16 January 2017 to provide the legal framework in Malaysia for the TPA system — where third parties can access gas facilities that they do not own or operate. The TPA system is an effective means to foster healthy competition, which eventually leads to increased efficiency in delivery, quality of services and more choices of suppliers for consumers.

In conjunction with signing of the GSA, TNBF today also signed a Master Sales Agreement (MSA) for the delivery of gas via its maiden LNG trial cargo with Shell Malaysia Trading Sdn Bhd (SMTSB). The collaboration between TNBF and SMTSB, as one of Malaysia's major energy companies, is to experience and manage the challenges together in testing the TPA system for the first time in Malaysia.

The partnership between TNBF and SMTSB has resulted in a real cost saving in terms of delivered gas price which is below the regulated gas price.

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TNB President/Chief Executive Officer, Amir Hamzah Azizan said the agreements underlines TNB's pledge and commitment in promoting and supporting the natural gas market liberalisation in Malaysia.

"This pioneering transaction also serves as a knowledge-sharing platform for all parties to gain experience for capacity building, and to provide feedback to all parties involved in the TPA system," he said.

On the partnership with SMTSB, Amir believes it signals to other global LNG or gas suppliers that TNB is seriously venturing into the area of gas procurement.

Managing Director of SMTSB, Shairan Huzani Husain said SMTSB is proud to be the partner of TNBF and PGB for the first private LNG import into Malaysia under the TPA framework.

"Shell has been a trusted energy partner in Malaysia for over 125 years and we look forward to working with existing and new partners in building on this success in the future. We express our sincere gratitude to both TNB Fuel and PETRONAS Gas Berhad for their collaboration in achieving this landmark transaction," he added.

TNBF is the principal coal and fuel supplier to TNB and Independent Power Producers having Power Purchase Agreements with TNB. The Company is entrusted to procure and deliver fuel at optimal cost, taking into account the quality and reliability of supply. TNBF, being the 'One-Stop Centre' for all power station fuels is non-profit oriented, its savings from the efficient and economic purchase of fuel are passed through to TNB and subsequently reflected in the tariff charged to consumers.

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