KEMENTERIAN TENAGA DAN SUMBER ASLI

KERATAN SURAT KHABAR

SURAT KHABAR	:	STAR BIZ			
TARIKH	:	23.02.22	MUKA SURAT	:	3
JABATAN	:	TNB			

TNB plans RM20bil capex for 2022-2024

Group to allocate operating expenditure of RM18bil

ENERGY

KUALA LUMPUR: Tenaga Nasional Bhd (TNB) plans to invest around RM20bil as capital expenditure (capex) in the next three years, in conjunction with the new Regulatory Period (RP3) starting from 2022 to 2024.

Chief regulatory and stakeholder management officer Datuk Wira Roslan Ab Rahman said the government's decision to uphold the incentive-based regulation (IBR) and imbalance cost pass-through (ICPT) mechanism enables sufficient investment into the electricity system during the three-year RP3 to ensure continuous reliability of supply for the rakyat.

"We plan to invest around RM20bil in the next three years with the government's approval as capex to maintain a safe as well as resilient network and system, meet customers' demand and enable us to support the government's energy transition initiative for the next three years," he said in a statement in conjunction with TNB's virtual editors' briefing yesterday.

Elaborating on the first focus of the capex, which is to maintain a safe and resilient network and system, TNB said the money would be spent on asset replacement, maintenance and upgrades to ensure continued uninterrupted service to its customers.

On meeting the growing and changing needs of customers, it said this would include connecting new industrial and economic zones that spur significant economic growth and elevating customer experience with new product and offerings.

To support the energy transition, the utility giant said the capex would be used to accelerate investments to support Malaysia's renewable energy aspirations through technologies such as battery storage and distribution automation.

"TNB will continue to invest in the system for reliable and continuous electricity supply to the rakyat."

Tenaga Nasional Bhd

Meanwhile, TNB plans to allocate about RM18bil for operating expenditure over the next three years, subject to the government's approval.

Touching on the RP3 tariff, TNB said it would not impact the rakyat as there is no change in tariff schedule.

"TNB will continue to invest in the system for reliable and continuous electricity supply to the rakyat," it said, adding that the tariff set under the IBR would ensure recovery of cost for both the power generation and TNB's operations.

On Jan 28, 2022, the government, via the Energy Commission (EC), announced it would retain the current base electricity tariff of 39.45 sen per kilowatt hour (kWh) for domestic users in Peninsular Malaysia throughout the RP3 from Feb 1, 2022 to Dec 31, 2024.

The government also decided to retain the two sen per kWh rebate for domestic users, a rate which has not changed since the implementation of ICPT in 2014.

However, an electricity tariff surcharge of 3.7 sen kWh would be imposed for non-domestic users from February 2022 to June 2022.

Following the rising coal prices which touched a whopping US$270 (RM1,130) per tonne on Oct 5, 2021, it is understood that TNB would register a higher average coal cost for the financial year ended Dec 31, 2021 (FY21) compared with the average coal cost of US$61 (RM255) per tonne in FY20.

However, the management team said that with the implementation of the ICPT based on the Regulatory Implementation Guidelines, TNB would not make additional profits, nor suffer losses from a lower or higher generation cost, as the impact of ICPT on the company is neutral.

ICPT is a mechanism approved by the government and implemented by the EC since Jan 1, 2014 as part of a wider regulatory reform called the IBR. It allows TNB to reflect changes in fuel and generation costs in consumer's electricity tariff every six months.

It is also understood that TNB would share RP3's parameters, such as weighted average cost of capital, reference price of coal and gas and demand growth factor soon. — Bernama