KEMENTERIAN TENAGA DAN SUMBER ASLI

KERATAN SURAT KHABAR

SURAT KHABAR	:	STARBIZ			
TARIKH	:	25.02.22	MUKA SURAT	:	3
JABATAN	:	TNB			

TNB cautious about prospects on high fuel prices

KUALA LUMPUR: Tenaga Nasional Bhd (TNB) remains cautious about its prospects in 2022 due to high fuel prices and the challenging economic outlook.

In a filing with Bursa Malaysia, the group noted that the government is maintaining the country's economic growth forecast of 5.5% to 6.5% for this year.

"However, the effect of Covid-19-related factors and inflation may still impact the growth trajectory," it said.

The group also said the government has approved, via a letter from the Energy Commission dated Jan 28, 2022, to implement the Regulatory Period 3 (RP3) under the Incentive Based Regulation framework (IBR) from February 2022 to December 2024.

The current electricity tariff schedule, which has been in place since 2014, will continue to be in effect, with no change in the electricity tariff rate and tariff structure.

TNB said the allowed operating expenditure (opex) and capital expenditure (capex) of RM17.96bil and RM20.55bil, respectively, as well as a fair and reasonable regulatory return that is maintained as per RP2, will allow the group to plan and perform necessary operation and maintenance work for all of its electrical infrastructure.

This will also enable essential investments into the industry to ensure continuous and reliable electricity supply, meet the growing customer demand and prepare the electricity network for energy transition.

"The allowed capex for RP3 is set to bring significant economic benefit towards stimulating the nation's economic recovery," said TNB.

Meanwhile, generation costs continue to be the largest cost component of the electricity tariff, where 65% of the tariff for RP3 is contributed by generation costs.

Gas and coal, both at market price, continues to be the main sources of fuel for electricity generation.

It said base coal price and gas price for RP3 period are US$79 (RM331.88) per tonne and RM26 per metric million British thermal unit (MMBtu) based on two-tier gas pricing.

The group said the RP3 provides a transparent regulatory framework, advocates cost efficiencies, and ensure financial and operational sustainability.

This may result in fair and reasonable regulated financial returns for the regulated segment of TNB.

For its fourth quarter ended Dec 31, 2021, TNB' net profit dropped 27.6% to RM877.8mil, mainly due to unfavourable foreign exchange and higher tax expense.

Revenue for the fourth quarter was up 52.4% year-on-year to RM15.74bil due to the higher total sales of electricity mainly due to the under-recovery position of Imbalanced Cost Pass-Through amounting to RM3.2bil (compared to over-recovery position of RM1.55bil a year earlier).

For financial year 2021 (FY21), net profit rose 1.9% year-on-year to RM3.66bil while revenue increased by 19.7% to RM52.6bil, mainly due to higher total sales of electricity.

However, the group said the prolonged Covid-19 pandemic had affected customers' payment behaviour as older outstanding debts became more challenging to recover.

Hence, a higher net loss on impairment of financial instruments of RM940.2mil was recognised during FY21.

TNB said that in FY21, it faced challenges in collection of electricity debtors and global increase in coal prices although its resilient performance was mainly underpinned by electricity demand growth of 1.2%, consistent with the country's gross domestic product growth of 3.1%.

TNB has declared a final single-tier dividend of 18 sen per share, which brought FY21 dividends to 40 sen per share (compared with 80 sen in FY20).