

Research Update:

Taiwan Power Co. Ratings Affirmed At 'twAAA/twA-1+'; Outlook Stable

June 29, 2023

Rating Action Overview

Taiwan Ratings Corp. today affirmed its 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on **Taiwan Power Co.** (Taipower). At the same time, we affirmed our 'twAAA' issue credit rating on the company's unsecured common corporate bonds. The outlook on the long-term rating remains stable.

The ratings on Taipower reflect our view that the Taiwan government is almost certain to provide timely financial support to the company, if needed, given Taipower's critical role to supply sufficient and reliable electricity to support the country's highly industrialized economy. We also believe the government will maintain its ownership and tight control over Taipower over the next three to five years.

The government has already provided capital injections for the company and allowed Taipower to raise its tariff twice over the past 12 months. However, we believe the large increase in fuel costs and growing amount of power purchase agreements for green power could pressure Taipower's stand-alone credit profile. That's unless the government gives Taipower sufficient room to improve its profitability through tariff mechanism over the next 12 months.

Related Criteria & Research

Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014

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- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry - November 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- General Criteria: Principles Of Credit Ratings - February 16, 2011

Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed

Taiwan Power Co.

Issuer Credit Rating	twAAA/Stable/twA-1+
Issue Credit Rating	twAAA

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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