



SPECIAL INDUSTRIAL TARIFF (SIT) NEW POLICY

TENAGA NASIONAL BERHAD

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OVERVIEW OF SPECIAL INDUSTRIAL TARIFF (SIT)

BACKGROUND OF SPECIAL INDUSTRIAL TARIFF (SIT)

- Introduced in 1996 as part of TNB's new tariff
- Open to 5 identified industries with electricity consumption being 5% or more of their total operating cost
- The industries were:-
 - Ice factories
 - Iron and Steel industries
 - Glass industries
 - Industrial gas industries
 - Cement industries
- On 29 March 1996, the SIT was introduced to all industries (Tariff D, E1, E2 and E3 only) with electricity consumption being 5% or more of their total operating costs



Cement



Industrial Gases



Iron & Steel



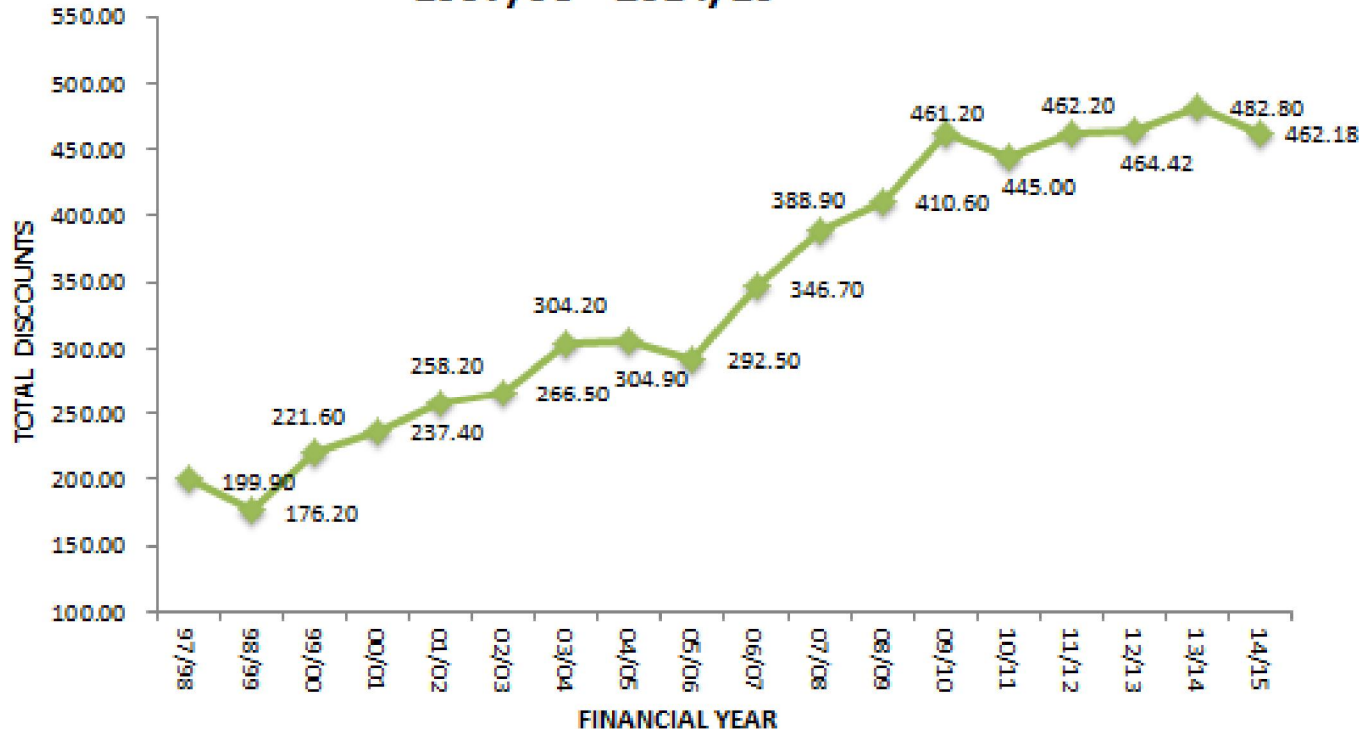
Ice



Glass

STATISTICS OF SIT FROM 1997/98 TO 2014/2015

**Total SIT Discounts (RM mil) for Financial Year
1997/98 - 2014/15**



| Financial Year | Total Discounts (RM'JUTA) |
|----------------|---------------------------|
| 97/98 | 199.90 |
| 98/99 | 176.20 |
| 99/00 | 221.60 |
| 00/01 | 237.40 |
| 01/02 | 258.20 |
| 02/03 | 266.50 |
| 03/04 | 304.20 |
| 04/05 | 304.90 |
| 05/06 | 292.50 |
| 06/07 | 346.70 |
| 07/08 | 388.90 |
| 08/09 | 410.60 |
| 09/10 | 461.20 |
| 10/11 | 445.00 |
| 11/12 | 462.20 |
| 12/13 | 464.42 |
| 13/14 | 482.80 |
| 14/15 | 462.18 |
| Total | 6,185.40 |

For FY 2014/15 the data is as at Oct 2015. This figures exclude IWK and water operators who are entitled for automatic SIT discount effective from 1 Jan 2014 (about RM 33.2 mil discount)

*Estimated Total Discounts for FY 2014/15 inclusive of IWK and water operators discount
RM 495.38 mil*

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HIGHLIGHTS OF NEW SIT ELIGIBILITY CRITERIA

EXTRACT OF ENERGY COMMISSION LETTER DATED 26 AUGUST 2015

- Gradual removal of SIT discount effective from 1st Jan 2016:
 - Gradual removal of 2% yearly from Jan 2016 until Jan 2020.
 - No new SIT application after 1st Jan 2016.
 - New SIT eligibility criteria as specified by Energy Commission based on energy efficiency mechanism.

Ruj Kami: ST(IP/JPE/HE) 20/2/1 (69)
Tarikh: 26 Ogos 2015

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YBhg. Datuk Seri Ir. Azman Bin Mohd
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Tenaga Nasional Berhad
No 129, Jalan Bangsar
50730 Kuala Lumpur
No Faks: 03-2284 0223

YBhg Datuk Seri,

KEPUTUSAN KERAJAAN BERKENAAN PELAKSANAAN SKIM TARIF ENHANCED TIME-OF-USE (EToU) UNTUK KATEGORI PENGGUNA PERINDUSTRIAN DAN KOMERSIL DI SEMENANJUNG MALAYSIA

3. Sepertimana sedia maklum, selaras dengan pengenalan skim EToU ini, pelan pelaksanaan pengurangan diskaun SIT akan dimulakan pada 1 Januari 2016 seperti berikut:
- a) Pengurangan diskaun SIT sebanyak 2% secara beransur-ansur setiap tahun bermula pada 1 Januari 2016 hingga diskaun tersebut ditamatkan sepenuhnya pada tahun 2020;
 - b) Permohonan pengguna baru skim SIT adalah sehingga 1 Januari 2016; dan
 - c) Kelayakan diskaun SIT adalah berdasarkan kriteria yang ditetapkan Suruhanjaya iaitu berdasarkan penjimatan tenaga seperti jadual berikut:

| | | |
|--------------------------|---|---|
| Tahun Pertama | Dokumen yang diperlukan: a) Laporan kewangan beraudit bagi tahun kewangan sebelumnya b) Appendix 1 yang disahkan oleh juruaudit luar c) 12 bulan bil elektrik bagi tahun kewangan yang sama | Dokumen yang diperlukan: a) Surat lantikan Pengurus Tenaga berdaftar b) Pengiraan <i>baseline</i> kWh/production (12 bulan) c) Pelan penjimatan tenaga yang disahkan oleh Pengurus Tenaga berdaftar |
| Tahun Kedua & Berikutnya | | Dokumen yang diperlukan: a) Surat lantikan Pengurus Tenaga berdaftar b) Penjimatan yang dilakukan dalam kWh/production dan kWh savings (berbanding indeks kWh/production tahun sebelumnya) c) Penjimatan disahkan oleh pengurus tenaga berdaftar |

OBJECTIVES TO GRADUALLY PHASE OUT SIT

1

Encourage energy efficiency and minimize wastage among the industries

(Menggalakkan pihak industri menggunakan tenaga secara cekap dan meminimumkan pembaziran)

2

Align TNB electricity tariff with Energy Efficiency policy

(Menyelaraskan tarif TNB dengan dasar penggalakan amalan cekap tenaga di kalangan pengguna industri)

OVERVIEW OF CURRENT VS NEW SIT ELIGIBILITY CRITERIA

CURRENT (Electricity Cost Basis)

Eligibility Criteria:

$$\frac{\text{Total electricity cost}}{\text{Total company operating cost}} \geq 5\%$$

NEW (Energy Efficiency Basis)

Eligibility Criteria:

Efficiency Index = Improvement
in kWh/unit production or kWh
savings



SIT COMMITTEE MEMBERS

CURRENT (TNB only)

SIT Committee Members consist of:

- GM Commercial Management
- AGM Consumer Chargers
- Senior Manager (Customer Service)
- Senior Manager (Finance)
- Secretariat
- Reviewer (Customer Service)
- Reviewer (Finance)

FUTURE (TNB and EC)

SIT Committee Members consist of:

TNB

- GM Commercial Management
- AGM Consumer Chargers
- Senior Manager (Customer Service)
- Senior Manager (Finance)
- Secretariat
- Reviewer (Customer Service)
- Reviewer (Finance)

EC representative (new)

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NEW ELIGIBILITY CRITERIA

KEY HIGHLIGHTS OF NEW SIT POLICY

WHO CAN APPLY?

- Only existing SIT customer may apply for SIT after 2 January 2016
 - Existing customers who have applied for SIT at least once in the last 3 years (2013-2015) are still entitled to apply based on new policy.
- New SIT application will only be accepted up to 1 January 2016 except for pre awarded customers under *1st principle* calculation for Connection Charges payment (Customers taking supply at 132kV and above)

All application to be submitted to TNB as per current process

Customer Who Can Apply For SIT after 1st January 2016 (Based on Annual Report 2016)

| Submission Date | Before 1 Jan 2016 | After 1 Jan 2016 |
|-----------------|-------------------|------------------|
| Review | Yes | Yes |
| Resubmission | Yes | Yes |
| New | Yes | No |



Example: Company A submit on 30 Dis 2015

Example: Company B submit after 1 Jan 2016

| Account Number | Type | Can Apply |
|----------------|--------------|-----------|
| 123 | Review | Yes |
| 1333 | Resubmission | Yes |
| 1234 | New | Yes |

| Account Number | Type | Can Apply |
|----------------|--------------|-----------|
| 123 | Review | Yes |
| 1333 | Resubmission | Yes |
| 1234 | New | No |

Eligibility Criteria

Documents to Submit

Y
E
A
R

1

F
Y

J
A
N

1
6
-

D
E
C

1
6

**5% ELECTRICITY
COST THRESHOLD**

- Audited Annual Report for the Financial Year (FY) 2016.
- Appendix 1 endorsed by External Auditor
- 12 months electricity bill for the same FY

AND

**EE
REQUIREMENTS**

- Appointment letter of Energy Manager
- Valid Energy Manager Certificate
- Baseline kWh/unit production – historical data for previous 1 year (12 months).
 - The baseline is **mandatory** and required for subsequent year's eligibility
- Energy Efficiency (EE) plan endorsed by Energy Manager

NEW POLICY YEAR 2- FOR COMPANY'S FY JAN 2017 ONWARDS

Eligibility Criteria

Documents to Submit

Y
E
A
R

2

F
Y

2
0
1
7

O
N
W
A
R
D
S

5% E
COS

NOT APPLICABLE

- Audited Annual Financial Report for the Financial Appendix 1 endorsed by External Auditor
- 12 months electricity bill for the same FY

EE
REQUIREMENTS

- Appointment letter of Energy Manager
- Valid Energy Manager Certificate
- Energy Efficiency (EE) plan endorsed by Energy Manager
- **Appendix 2- Improvement in kWh /unit production or kWh savings (comparison with previous year kWh/production index)**

The existing SIT application criteria is maintained:

- i. The SIT eligibility is not automatic and must be applied on a yearly basis (including continuous SIT customers).
- ii. SIT applications must be submitted within 5 months from the company's financial year-end.
- iii. For resubmission cases (not eligible in the previous year), the SIT approval will be applied beginning one month after all required documents have been received, and ends at the upcoming company's financial year-end while for review cases, the eligibility is for 12 months.
- iv. Successful SIT applications will be required to sign a new electricity contract within 7 days after receiving a notification letter from TNB to effect the special industrial tariff.
- v. No Meter Installation Tempering (MIT) case.
- vi. TNB reserved the right to engage a third party to verify the documents submitted and the cost to be borne by the customer.

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DOCUMENTS TO BE SUBMITTED

APPENDIX 1



APPENDIX 1

PLANT/FACTORY:
(as per electricity bill)

TNB's account no:

| | | Current Year () | Last Year () |
|------------------------------|-------------------------------|--------------------------------|-----------------------------|
| Business Revenue | | | |
| 1. | | | |
| 2. | | | |
| 3. | | | |
| | Total | (1) | |
| Cost of Goods Sold * | | | |
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| | Total | (2) | |
| Operating Expenses ** | | | |
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
| 6. | | | |
| | Total | (3) | |
| | Total Cost (2+3) = (4) | | |
| | Profit Before Tax | (1-4) | |
| | Less: Taxation | | |
| | Profit After Tax | | |

We certify that the revenue & expenditure (direct & indirect) relating to the above premise reflect a truth and fair picture of the operation.

.....
Certified by External Auditor

Note: Applicable for Company FY Jan16 to Dec 16 submission since electricity cost is still one of the eligibility criteria

APPENDIX 2



APPENDIX 2

Customer Name : _____

TNB Account's No : _____

Registered Energy Manager : _____

Validation of Energy Manager Certificate : _____

| Main Products | Actual Electricity Consumption (kWh)/year | Actual Total Production (unit)/year | Total electricity consumption per unit products (kWh/unit) (current year) | Total electricity consumption per unit products (kWh/unit) (last year)* |
|---------------------|---|-------------------------------------|---|---|
| Products 1 : | | | | |
| Products 2 : | | | | <i>* Not applicable for Year 1</i> |
| Products 3 : | | | | |
| Products 4 : | | | | |
| Total | | | | |
| Weightage / Average | | | | |

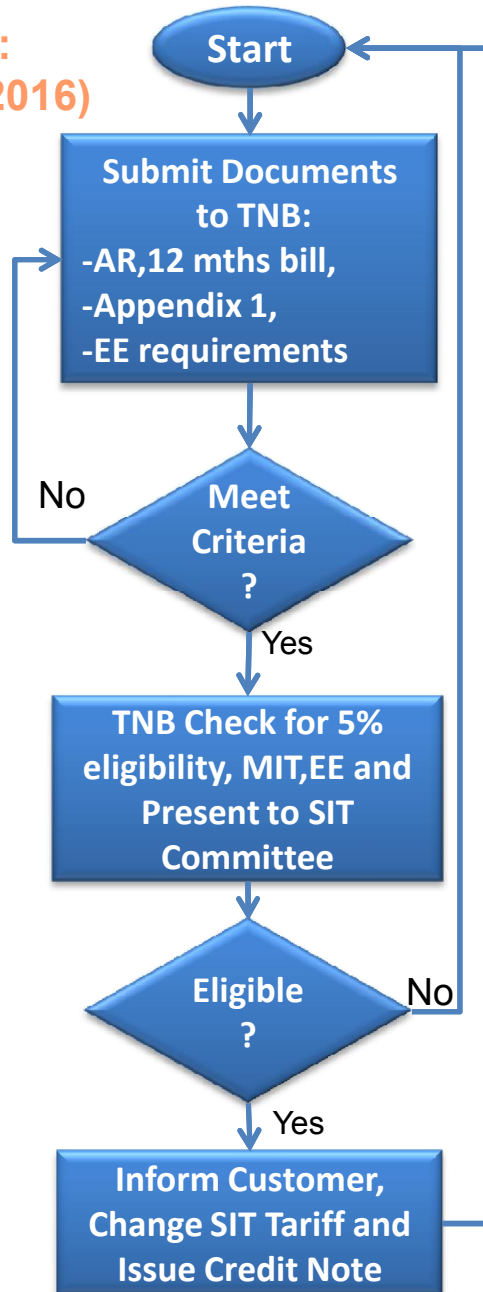
** Energy Manager's comments (if any):

We certify that the data (direct & indirect) relating to the above premise reflect a true and fair picture of the operation.

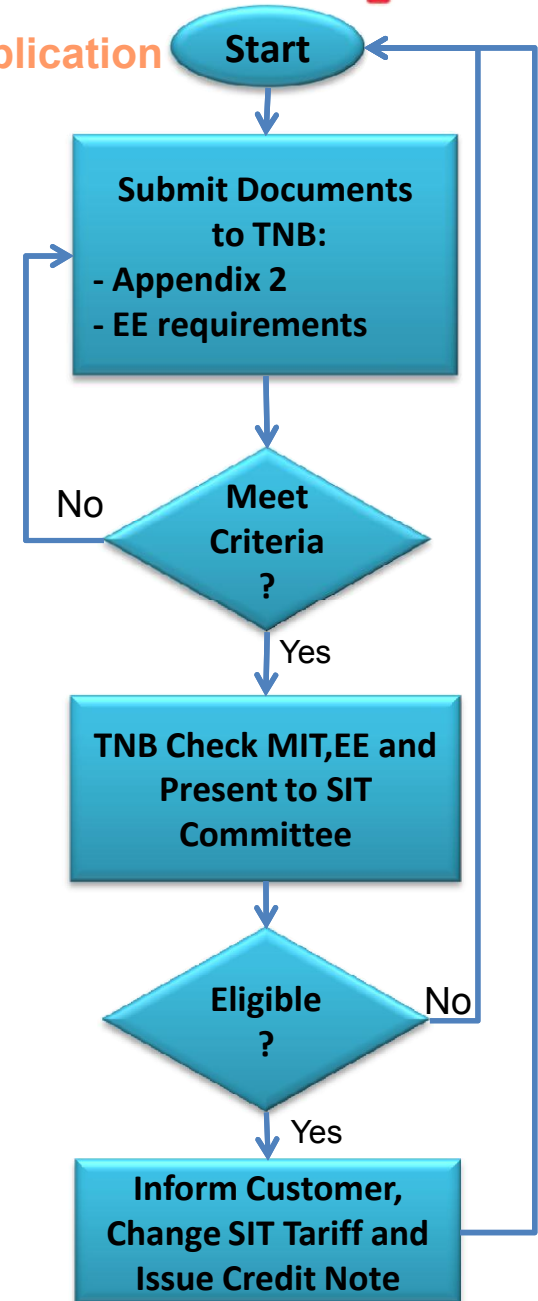
.....
 Certified by Energy Manager
 (signed & stamped)

NEW SIT PROCESS FLOW

1st year application:
(cust FY start Jan 2016)



2nd year application
onwards:
Customer



DOCUMENTS CHECKLIST

YEAR 1 : FOR COMPANY'S FY JAN 2016 – DIS 2016

A) Laporan Kewangan Terkini lengkap dengan perkara-perkara berikut :-

Tandatangan Lembaga Pengarah



Tandatangan dan cop Juruaudit Luar



Tandatangan dan cop Pesuruhjaya Sumpah



B) Salinan Bil Elektrik

Salinan bil elektrik 12 bulan dari bulan _____

hingga _____ (bagi tempoh laporan kewangan)



Nama Pengguna di dalam bil elektrik mesti sama dengan Laporan Kewangan

C) Borang Apendix 1

Borang asal diisi dengan lengkap



Cop dan tandatangan Juruaudit Luar



D) Keperluan Kecekapan Tenaga

a) Sijil Pengurus Tenaga Elektrik (PTE) yang sah yang dikeluarkan oleh Suruhanjaya Tenaga



b) Surat Perantikan Pengurus Tenaga Elektrik (PTE)



c) Laporan Kecekapan Tenaga bagi tahun semasa - *Baseline*



d) Basis data – data/laporan jumlah penggunaan elektrik per unit produk (kW/unit) untuk 1 tahun kebelakang (12 bulan)



E) Borang Apendix 2

Borang asal diisi dengan lengkap



Cop dan tandatangan Pengurus Tenaga Elektrik (PTE)



DOCUMENTS CHECKLIST: FOR YEAR 2 (2017 ONWARDS)



A) Keperluan Kecekapan Tenaga

Sijil Pengurus Pengurus Tenaga Elektrik (PTE) yang dikeluarkan oleh Suruhanjaya Tenaga



Surat Perlantikan Pengurus Tenaga Elektrik (PTE)



Laporan Kecekapan Tenaga bagi tahun semasa



B) Borang Apendix 2

Borang asal diisi dengan lengkap



Cop dan tandatangan Pengurus Tenaga Elektrik (PTE)



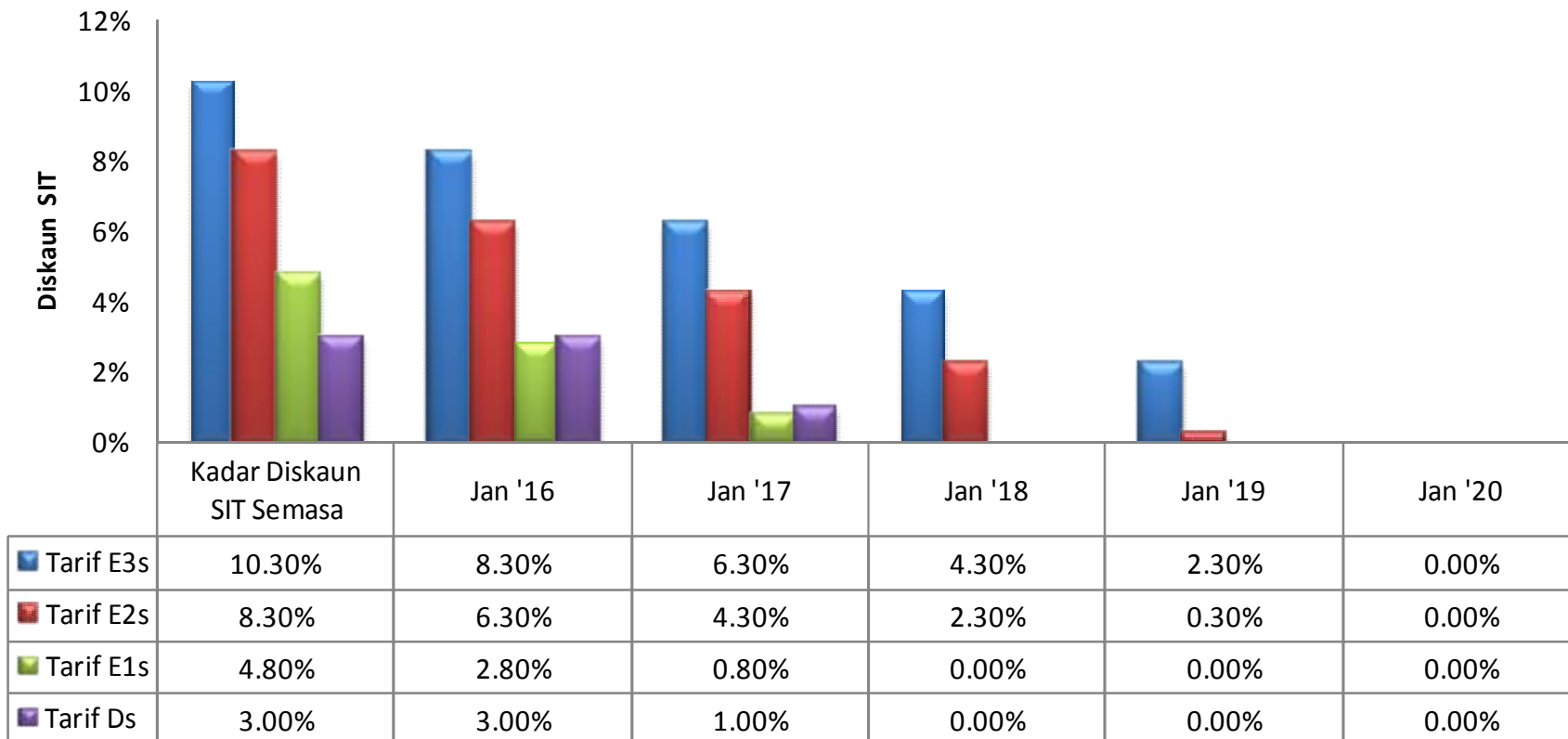
Nota** Pihak TNB berhak samada sendiri atau melalui pihak ketiga atau melantik juruaudit luar untuk mengkaji dokumen-dokumen yang dikemukakan termasuk Laporan Kewangan, Apendix 1, Apendix 2 dan lain-lain. Segala kos yang diaudit tersebut akan ditanggung sepenuhnya oleh pemohon. Pemohon perlu memberi jawapan lengkap untuk kesemua soalan/pertanyaan tambahan dari TNB/juruaudit luar yang dilantik.

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SIT NEW RATE 2016-2020

GRADUAL REMOVAL OF SIT

Gradual removal of 2% SIT discount yearly from Jan 2016 until Jan 2020.



No new application after
1 January 2016

SIT Discount ends in year 2020

SPECIAL INDUSTRIAL TARIFF



| Tariff Category | Unit | Existing Rates 01-Jan-14 | New Rates 01-Jan-16 | New Rates 01-Jan-17 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Tariff Ds – Special Industrial Tariff (for consumers who qualify only) For all kWh <i>The Minimum Monthly Charge is</i> | sen/kWh RM | 42.70 7.20 | 42.70 7.20 | 43.60 7.20 |
| Tariff E1s – Special Industrial Tariff (for consumers who qualify only) For each kilowatt of maximum demand per month For all kWh <i>The Minimum Monthly Charge is</i> | RM/kW sen/kWh RM | 23.70 33.60 600.00 | 26.00 33.70 600.00 | 28.50 33.70 600.00 |
| Tariff E2s – Special Industrial Tariff (for consumers who qualify only) For each kilowatt of maximum demand per month during the peak period For all kWh during the peak period For all kWh during the off-peak period <i>The Minimum Monthly Charge is</i> | RM/kW sen/kWh sen/kWh RM | 32.90 33.60 19.10 600.00 | 33.60 34.30 19.50 600.00 | 34.30 35.00 19.90 600.00 |
| Tariff E3s – Special Industrial Tariff (for consumers who qualify only) For each kilowatt of maximum demand per month during the peak period For all kWh during the peak period For all kWh during the off-peak period <i>The Minimum Monthly Charge is</i> | RM/kW sen/kWh sen/kWh RM | 29.00 31.70 17.50 600.00 | 29.60 32.30 17.90 600.00 | 30.20 32.90 18.30 600.00 |

Notes:

- 1.6% for Feed-in-Tariff (FiT) is imposed on consumers' monthly bill (excluding Domestic consumers with monthly consumption of 300kWh and below) effective from 1st January 2014
- Tariff E1s, E2s, and E3s (Special Industrial Tariff) increased by 2% annually starting 1st January 2016
- Tariff Ds (Special Industrial Tariff) increased by 2% annually starting 1st January 2017

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CONCLUSION AND WAY FORWARD

SIT WAY FORWARD

- 1 All SIT Customer to take note of the new SIT Policy effective 1st Jan 2016
- 2 No **NEW SIT** application after 1 Jan 2016.
- 3 Submission of SIT documents:
 - Year 1 – Proof of 5% electricity cost and EE baseline
 - Year 2 – Improvement of kWh/unit production.
- 4 TNB will inform the new SIT eligibility criteria to all SIT customers
- 5 For further inquiries:
 - 5% electricity cost (TNB):**
En. Jude Ignatius Lazaroo (Tel : 03 - 7967 9247)
Pn. Mazni Binti Kornan (Tel: 03 – 7967 9276)

 - EE Requirement (EC):**
Puan Hafiza Binti Yob



**THANK
YOU**