

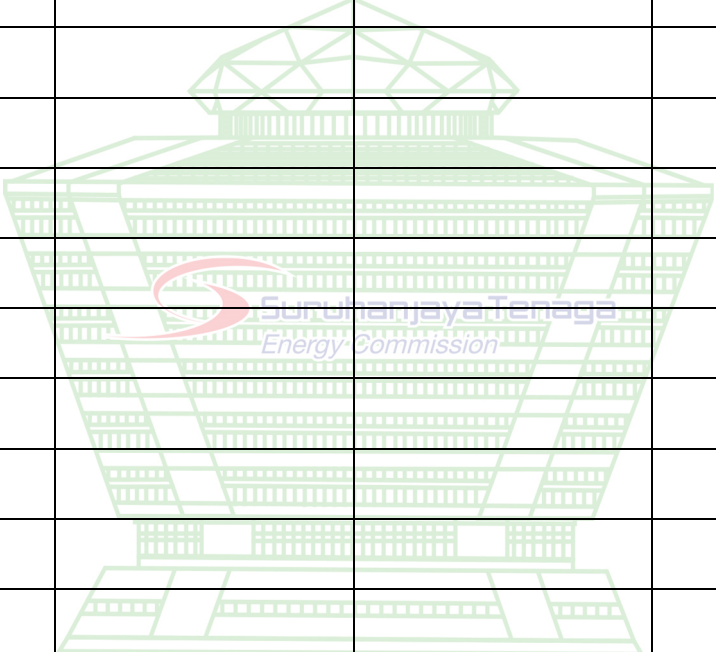
GUIDELINES

GUIDELINES ON SUBMISSION OF BUSINESS PLAN

Established pursuant to section 13A of Act 501

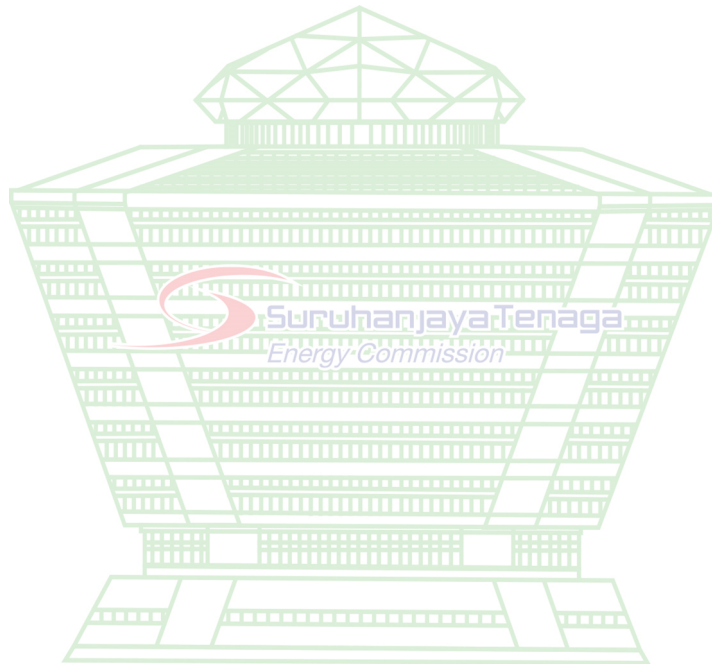
Document Control

Version	Date of Revision	Revised by	Organization



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1. Objective and Scope of Guidelines

- 1.1. Section 13A of the Gas Supply Act 1993 provides that the Energy Commission (“Commission”) may request a regasification, transportation or distribution licensee to submit business plans relating to the respective licensed activities according to procedures established by the Commission.
- 1.2. The objective of these Guidelines is to establish such procedures, including but not limited to the minimum content of the business plans as well as the planning periods and required frequency of updating.
- 1.3. For the purposes of the following provisions of these Guidelines, any reference to the “Gas Supply Act 1993” shall mean a reference to such Act, as amended, varied or modified from time to time and any reference to the “Gas Supply Regulations 1997” shall mean a reference to such Regulations, as similarly amended, varied or modified.
- 1.4. Definitions and interpretations: Unless expressly indicated to the contrary or unless the context otherwise requires, terms adopted and used in these Guidelines shall bear the same meaning as they are defined in the Gas Supply Act 1993.
- 1.5. These Guidelines are not the substitute for the Gas Supply Act 1993 nor for any Regulations made thereunder. Anyone in doubt about how they may be affected by the Gas Supply Act 1993 should obtain independent legal advice in respect thereof.

END OF SECTION

2. Objective of Business Plan

- 2.1. Each business plan shall be a rolling business plan covering the Planning Period defined in Section 3 and shall be submitted to the Commission in accordance with these Guidelines.
- 2.2. Business plans submitted by licensees shall, among other things, be used by the Commission as a tool to evaluate the security of supply situation in the Malaysian gas market. As such, it must contain sufficient information on the licensee's licensed activity so as to provide a comprehensive overview of the licensee's business growth in the said Planning Period with a view to evaluate the sustainability of the licensee's business as well as adequacy of its gas facilities to cater for industry demands.
- 2.3. In addition, business plans will be used by the Commission to analyze and monitor licensed activities.



END OF SECTION

3. Planning Period And Submission Time

3.1. Planning Period

- (a) Unless otherwise specified by the Commission, each business plan shall cover a Regulatory Period of three years.
- (b) For example, a business plan submitted for the year 2019 shall cover a Planning Period commencing from 1 January 2020 and ending on 31 December 2022.

3.2. Time for Submission

Unless otherwise specified by the Commission, each business plan shall be submitted together with tariff proposal in which the Planning Period is to commence (“Time for Submission”).

- 3.3. A licensee may, if it has justifiable reasons to do so, apply in writing to the Commission for a variation to the Planning Period or Time for Submission, and the Commission may grant such variation in writing at its sole and absolute discretion.

END OF SECTION

4. Submission of Business Plan

4.1. Business plans must be:

- (a) in the English language;
- (b) typed using font Arial, size 12 and presented in the PDF format;
- (c) clearly organized into sections and, where appropriate, have its information represented in tables or charts, so as to allow the easy retrieval of information and data;
- (d) begin each section on a new page; and
- (e) emailed to the designated person(s) in the Commission, which receipt must be evidenced by a confirmation email from such designated person(s).

4.2. A business plan submitted by a licensee **for the first time** to the Commission shall at minimum be in the following format and contain the following information/sections:

- (a) Executive Summary
 - (i) The Executive Summary is essentially a brief summary of the contents of the business plan.
 - (ii) It must be sufficiently precise and concise so as to enable the reader to obtain a general overview of the contents of the business plan submitted at a glance.

(b) Company Snapshot

(i) The Company Snapshot shall contain a summary of the licensee company.

(ii) It shall at a minimum contain the following information:

(aa) The vision, mission and objectives of the company;

(ab) The nature of business of the company in relation to its activity licensed under Section 11 of the Gas Supply Act 1993 (“Licensed Activity”);

(ac) The current financial situation and shareholders of the company;

(ad) For existing companies, its achievement in relation to the Licensed Activity as at 31 December of the preceding year; and

(ae) A description of how the company intends to participate in the Malaysian gas market during the Planning Period and, if applicable, beyond.

(c) Description of Facility and Licensed Activity

(i) Description of Facility: This differs from facility to facility but in all cases, should also include a description on the utilization of the facility for the year N inclusive but not limited to the various capacity and berth slotting.

(aa) For regasification terminals, it should include a technical description of the facility (e.g. number of berths, the maximum and minimum size of vessels allowed to berth, tank size, type of jetty, technologies used for example for regasification, send-out capacity etc.) and various capacities (e.g. design, reserved, available, storage etc.) of the terminal.

(ab) For transmission pipelines, it should include a technical description of the facility (e.g. number and location of metering and compressor stations, entry and exit points, length, diameter and layout of the pipeline (including installed compressors) etc.) and various capacities (e.g. design, reserved, available, storage etc.) of the pipeline.

(ac) For distribution pipelines, it should include a technical description of the facility (e.g. number and location of metering and compressor stations, entry and exit points, length, diameter and layout of the pipeline (including looping area) etc.) and various capacities (e.g. design, reserved, available, storage etc.) of the pipeline.

- (iii) Description of Licensed Activity : This should contain a description of the Licensed Activity and services provided by the licensee in relation to the facility. It should also include a demographic of the licensee's manpower strength in relation to the Licensed Activity and facility.

(d) Strategy and Implementation Framework

- (i) This section shall contain details on how the licensee plans to carry out the Licensed Activity in order to sustain the same during the Planning Period and beyond.

- (ii) For example, the licensee may identify how it plans to strengthen its business operations, how it will ensure that the business and its stakeholders work towards common goals, and how the licensee will assess and adjust itself in response to a changing environment.

- (iii) It should also include the licensee's strategy/ies and plan(s) that support the achievement of the following:

- (aa) Its vision, mission and objectives identified pursuant to paragraph 4.2(b)(ii)(aa) of these Guidelines;
- (ab) Any applicable Government policies and directives;
- (ac) All applicable laws, including regulations, codes and guidelines; and

(ad) Key performance indicators set by the licensee in relation to customer service management.

(e) Operation and Maintenance

(i) In this section, the licensee shall specify its operation and maintenance (“O&M”) philosophies in relation to its facility which will enable it to ensure continuous operation of the facility and meet all of its performance obligations.

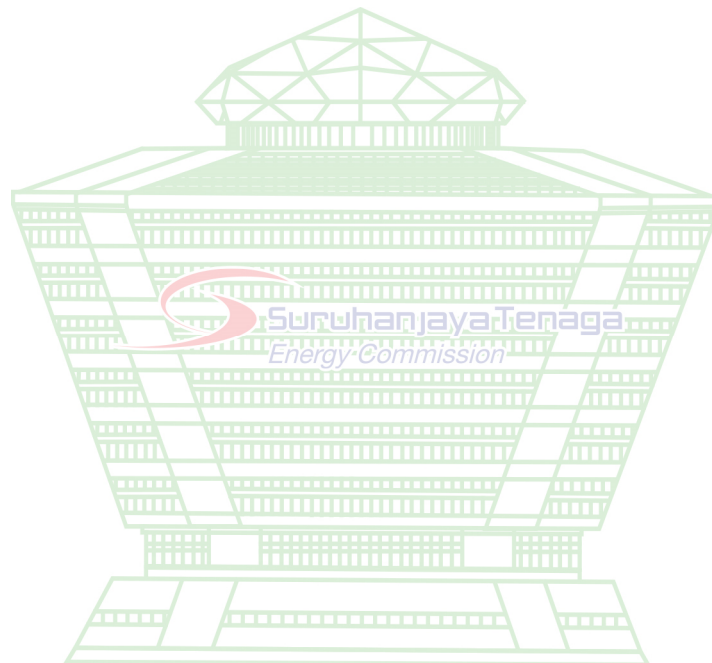
(ii) Such philosophies shall also include (but not be limited to) the following:

(aa) In relation to the Licensed Activity, all key work processes which support the execution of its O&M activities, whether carried out by the licensee or otherwise;

(ab) A description or list of its standard technical and operation procedures;

(ac) A copy of the maintenance program for the facility submitted to the Department of Occupational Safety and Health under the relevant laws, or, if the licensee is not required to make such submission under the relevant laws, all safety measures to be taken in maintaining the facility such as its integrity programs (e.g. predictive, preventive and corrective maintenance works etc.); and

- (ad) In relation to scheduled maintenances, monthly scheduled maintenance plans for the current year, whether carried out by the licensee or otherwise, including the expected duration of such maintenance, estimated gas shortfall, impacted customers and the licensee's mitigation plans.



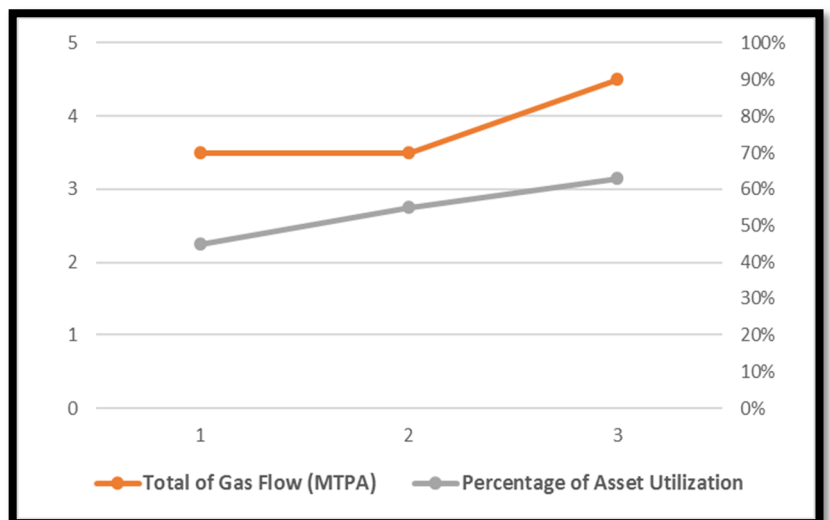
(f) Forecast

(i) This section shall contain a forecast of the business of the licensee in relation to the Licensed Activity during the Planning Period.

(ii) Such forecast shall include (but shall not be limited to) the following components:

(aa) A forecast of the operating expenditure (OPEX), capital expenditure (CAPEX) and revenue of the business of the licensee in relation to the Licensed Activity. Such information must be presented in the form of a single graph and table.

(ab) A forecast of the total gas flow and the percentage of utilization of the facility throughout the Planning Period, shown in a graph with two Y-axes. Such information must be presented in the form of a graph and table in the format below (figures are for illustrative purposes only):



YEAR	TOTAL OF GAS FLOW (MTPA)	PERCENTAGE OF ASSET UTILIZATION
YEAR 1	3.5	45%
YEAR 2	3.5	55%
YEAR 3	4.5	63%

(ac) Network Expansion Plans, namely:

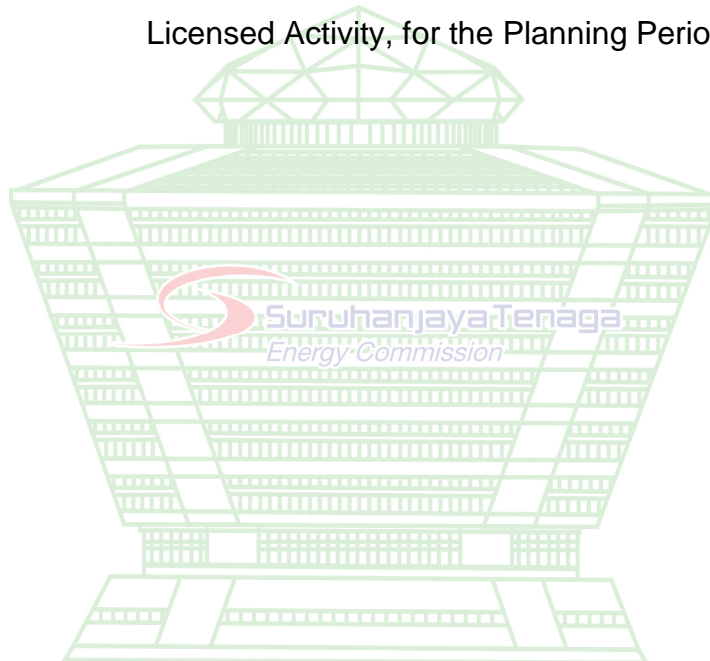
- current and future expansion plans of the facility taking into account the growth of supply and demand, including volume of gas and capacity; and
- future upgrading plans for the facility, for example upgrading of meters, compressors or regulators, and such plans shall include estimated costs, duration of upgrading works, as well as reasons for the upgrade(s); and

(ad) Innovations and Technology, namely:

- The licensee's research and development plans for the purposes of enhancing the facility and the services provided in relation to the Licensed Activity;
- The obsolescence management strategy to be adopted by the licensee in relation to the facility and any component of the Licensed Activity, if applicable; and
- Any future plans for adaptation of new innovations or technology.

(g) Finance

- (i) This section should be prepared based on the documents and information required to be submitted by the licensee in accordance with the Guidelines on Determination of Gas Distribution/Transmission/Regasification Facility under Incentive Based Regulation currently in force.
- (ii) In addition, this section should also contain a breakdown of the CAPEX and OPEX, in relation to the facility and Licensed Activity, for the Planning Period.



(h) Risk Assessment

- (i) This section should detail out what the licensee foresees as the risks it would face in carrying out the Licensed Activity, based on the business plan, and how the licensee intends or plans to mitigate such risks in order to maintain the business relating to the Licensed Activity.
- (ii) In presenting this section, the licensee shall identify, evaluate, and estimate the levels of risks involved in running the Licensed Activity, their comparison against benchmarks or standards, and determine the acceptable level of risks.
- (iii) The licensee may use its own risk assessment and risk profiling methodologies as commonly practiced in the gas industry worldwide.

4.3. A business plan submitted by a licensee **for the second and consequent times** to the Commission (“Consequent Business Plan”) shall at minimum be in the following format and contain the following information/sections:

- (a) An Executive Summary section, as specified in paragraph 4.2(a) of these Guidelines.
- (b) All the other information/sections specified in paragraphs 4.2(b) to (h) of these Guidelines, which shall be presented as follows:
- (i) In the event there are any changes in the information or data presented in the sections of the business plan of the

preceding year, a detailed description of such changes;
and

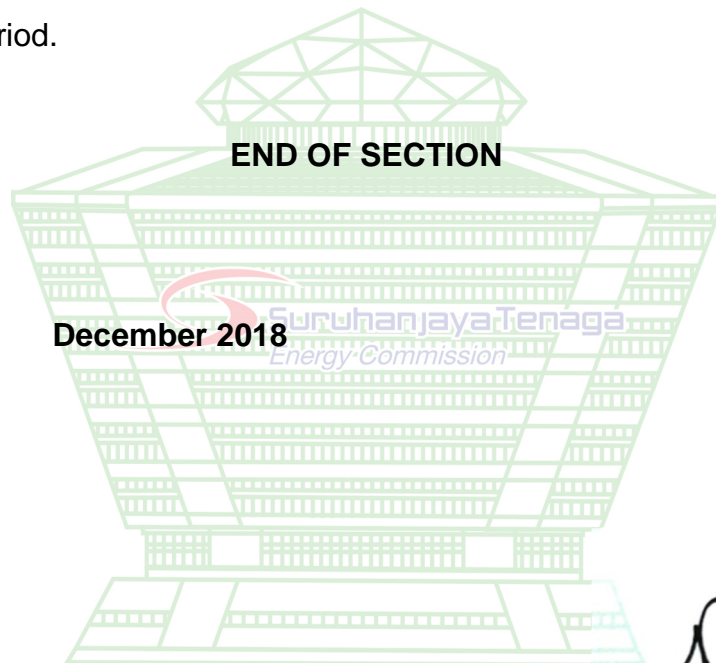
- (ii) For the rest of the information or data, a statement confirming that such information or data remains unchanged and applicable.

4.4. Notwithstanding paragraph 4.3, the Commission may, at its sole and absolute discretion, direct a licensee to submit a Consequent Business Plan in the format specified for a First Business Plan for any Planning Period.

Dated:

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December 2018



IR. AZHAR BIN OMAR
Chief Executive Officer
for Energy Commission