



SPECIAL INDUSTRIAL TARIFF (SIT) Consultation Session With Key Stakeholders

TENAGA NASIONAL BERHAD

9th October 2014
Energy Commission, Putrajaya

Overview – SPECIAL INDUSTRIAL TARIFF

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 Mac 1996, the SIT was introduced to all industries with electricity consumption being 5% or more of their total operating costs



Cement



Industrial Gases



Iron & Steel



Ice

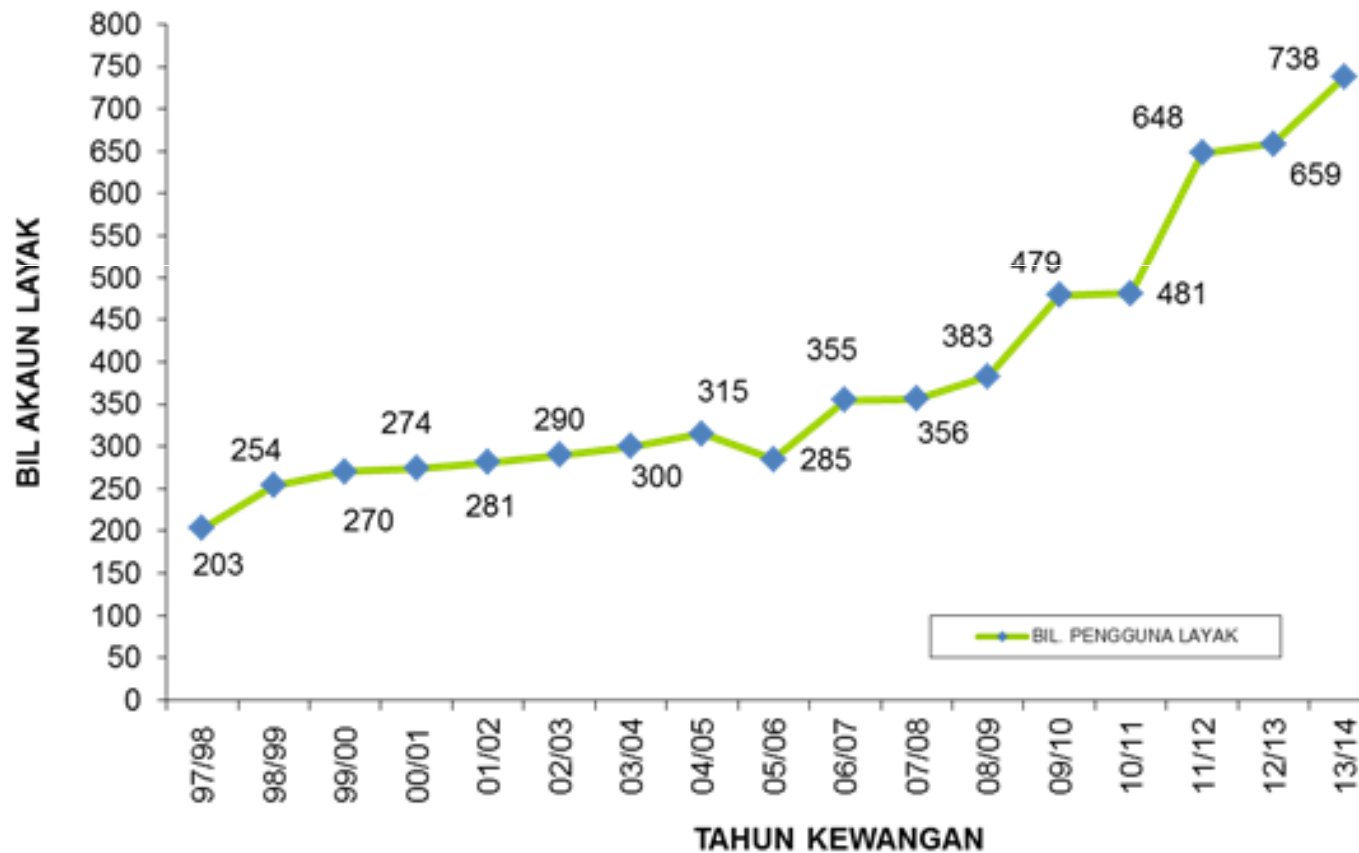


Glass

Number of SIT Consumers From 1997/98 to 2013/2014



JUMLAH PERMOHONAN TIK (LAYAK) BAGI TEMPOH TK 1997/98-2013/14



TAHUN KEWANGAN	BIL. PENGGUNA LAYAK
97/98	203
98/99	254
99/00	270
00/01	274
01/02	281
02/03	290
03/04	300
04/05	315
05/06	285
06/07	355
07/08	356
08/09	383
09/10	479
10/11	481
11/12	648
12/13	659
13/14	738
Jumlah	6571

Note: The 2013/2014 figures is as at 2nd Oct 2014 applications received and processed.

Amount of SIT Discount (Gap Between Normal Tariff vs SIT Tariff) From 1997/98 to 2013/2014



JUMLAH DISKAUN TIK (RM'JUTA) BAGI TAHUN KEWANGAN 1997/98 HINGGA 2013/14



TAHUN KEWANGAN	JUMLAH DISKAUN (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
Jumlah	5,723.22

Note: The 2013/2014 figures is as at 2nd Oct 2014 applications received and processed.

SIT Applications For 2013/2014



Tariff	Number of Accounts Eligible for SIT	Number of Accounts NOT Eligible for SIT
LV Industrial (D)	300	82
MV General Industrial (E1)	16	5
MV Industrial Peak / Off Peak (E2)	381	51
MV Industrial Peak / Off Peak STR (E2STR)	14	0
High Voltage Industrial (E3)	19	4
High Voltage Industrial STR (E3 STR)	8	0
TOTAL	738	142

Type of Application	Number of Accounts Eligible for SIT
New	54
Resubmission	35
Review/Renew	345
Continuous SIT	304
TOTAL	738

Note: Data updated based on submission received as at September 2014. Normally customers will take about 5 months to submit their SIT application after their company's FY end.

Overview of Current SIT Eligibility Criteria



Eligibility Criteria:

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

Document to be submitted:

- a) Audited Annual Report (AR) for the Previous Financial Year (FY)
- b) Appendix 1 endorsed by External Auditor
- c) 12 months electricity bill for the same FY



- Company previous FY Annual Report will be the basis for the following year eligibility.
- Eligibility period is determined by type of application and date of complete documents received by TNB
- For review cases, submission of the documents must be within 5 months from company FY end.

Note :

- All submission to TNB and approval by TNB
- Electricity cost for SIT calculation is based on energy (kWh) and maximum demand (kW) charge only. Other charges such as connected load charge penalty, power factor penalty etc is not included.



Type of SIT Applications and Its Eligibility Period



Type of Applications	Description	SIT Eligibility Period	Example
Review (Ulangkaji)	Customer entitled for SIT in the previous year	From new FY period	Customer FY: Dec 2013 SIT Eligibility: Jan14-Dec14
Resubmission (Semula)	Customer applied but not entitled for SIT in the previous year	1 month after complete document submission	Customer FY: Dec 2013 Document submission: Mac14 SIT Eligibility: Apr14-Dec14
New (Baru)	New application	1 month after complete document submission	Customer FY: Dec 2013 Document submission: Mac14 SIT Eligibility: Apr14-Dec14

Notes:

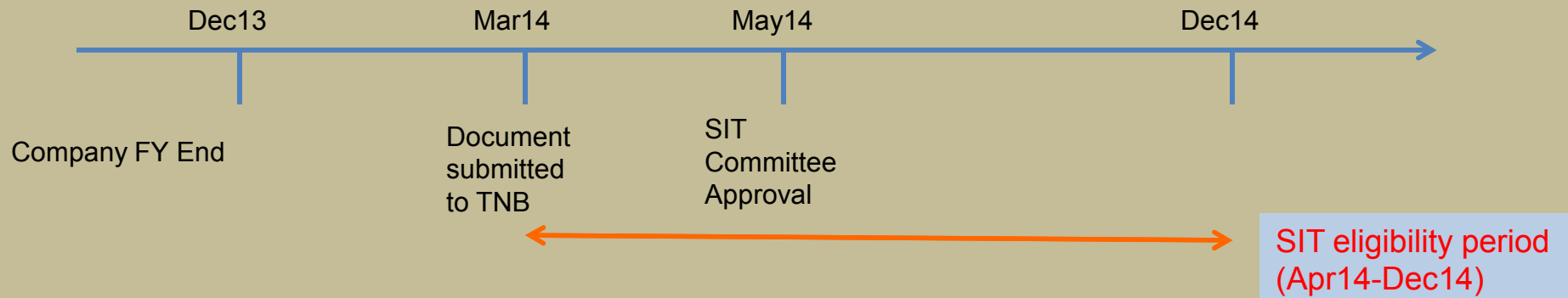
1. Documents to be submitted:
 - a. Audited Annual Report
 - b. Appendix 1
 - c. 12 months electricity bill
 - d. For review cases, submission within 5 months from FY end.
2. Eligibility Criteria:
 - a. No. 1 above completed
 - b. 5% threshold

SIT Eligibility Period

Scenario: Review
FY : Dec 2013



Scenario: Resubmission and New
FY : Dec 2013



Way Forward – SPECIAL INDUSTRIAL TARIFF

Government's Decision To Gradually Phase Out SIT



- Jemaah Menteri pada 24 Februari 2010 dan 4 Mei 2011 telah bersetuju agar **Tarif Industri Khas (TIK) dikurangkan secara berperingkat**; dan
- Mesyuarat Majlis Ekonomi pada 15 Julai 2013 telah bersetuju supaya **pengurangan diskaun TIK sebanyak 2%** secara berperingkat

Objectives To Gradually Phase Out SIT

1

Encourage energy efficiency and minimise 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)



Previous Consultation Sessions To Determine New SIT Eligibility Criteria



LAB MEMBER	
FMM	
KeTTHA	
MIDA	
MITI	
EPU	
BNM	
LAB SPONSOR LAB LEADER	
EC	TNB

NEW SIT PROCESS AND ELIGIBILITY CRITERIA

Overview of Current vs New SIT Eligibility Criteria



Current

Eligibility Criteria:

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

Document to be submitted:

- a) Audited Annual Report for the Previous Financial Year (FY)
- b) Appendix 1 endorsed by External Auditor
- c) 12 months electricity bill for the same FY

New

Eligibility Criteria:

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

Document to be submitted:

- a) Energy Manager appointment letter
- b) Baseline kWh/production (Year 1)
- c) Energy Efficiency (EE) plan endorsed by energy manager
- d) Improvement on kWh /unit production and kWh savings (comparison with previous year kWh/production index)



Who Can Apply?



Existing SIT Customers

- All existing SIT customers can apply for SIT tariff.
- For company's FY2014 submission (based on individual company's FY period), SIT eligibility will be based on current policy (5% threshold only)
- For companies FY2015 submission, SIT eligibility will be based on current policy (5% threshold only)

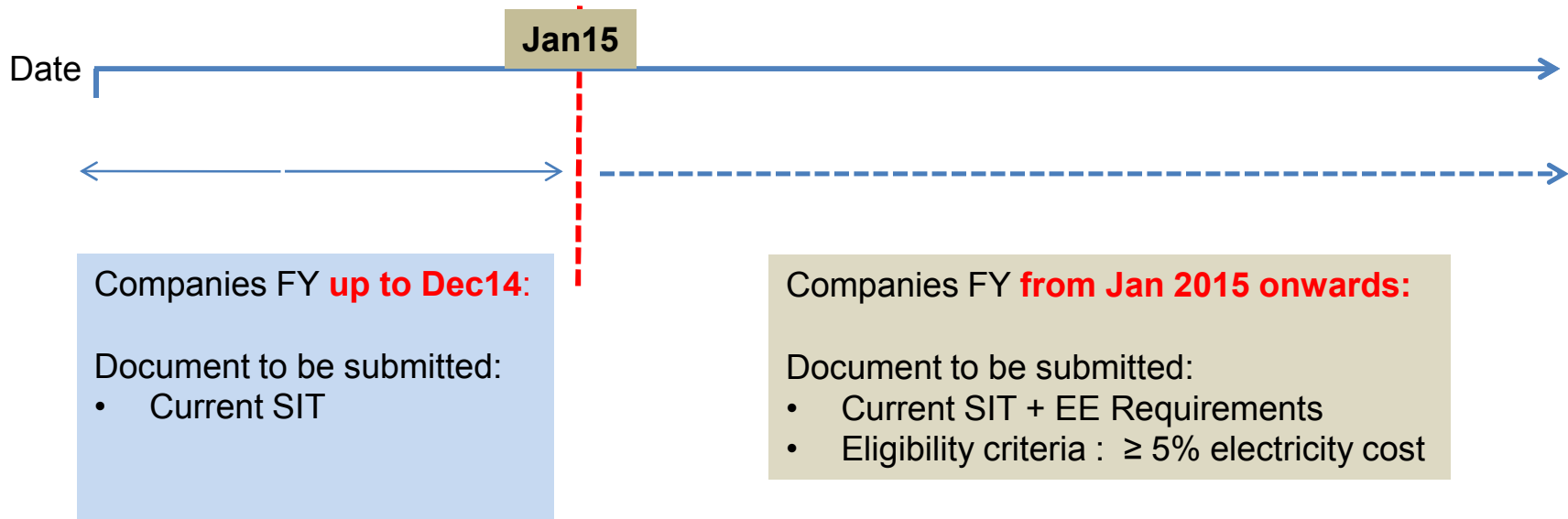
New and Resubmission SIT Customers

- New applications submission up to 31st December 2014 only.
- No new SIT application effective 1st January 2015.

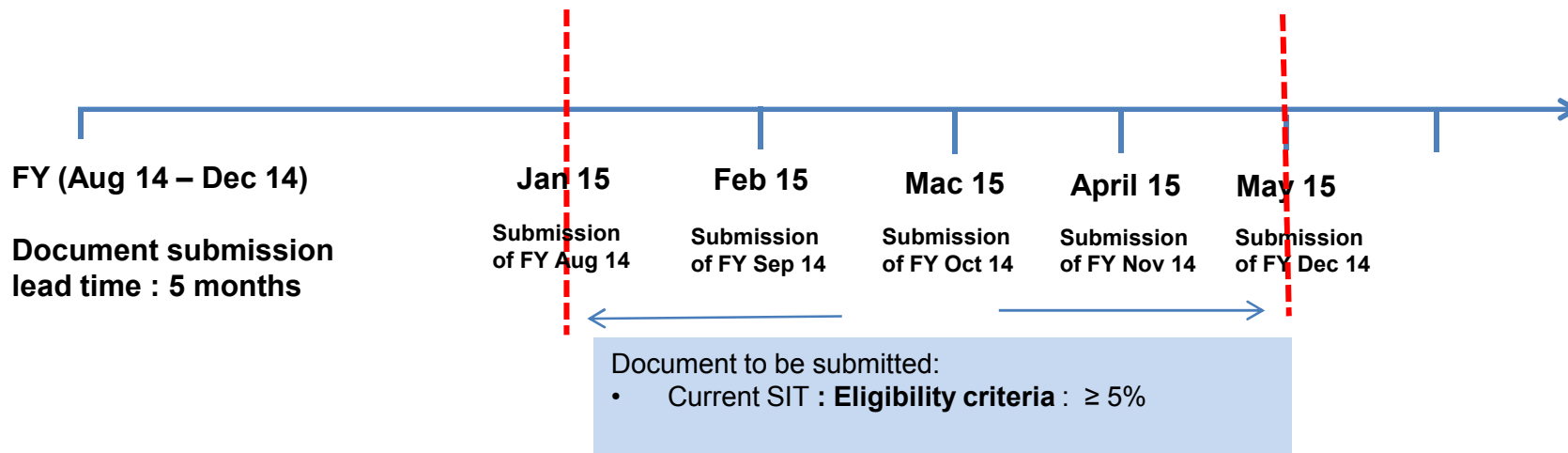


Illustration of SIT Submission for FY2014 and 2015

- Review/Renew Cases Only



Example based on standard submission time:

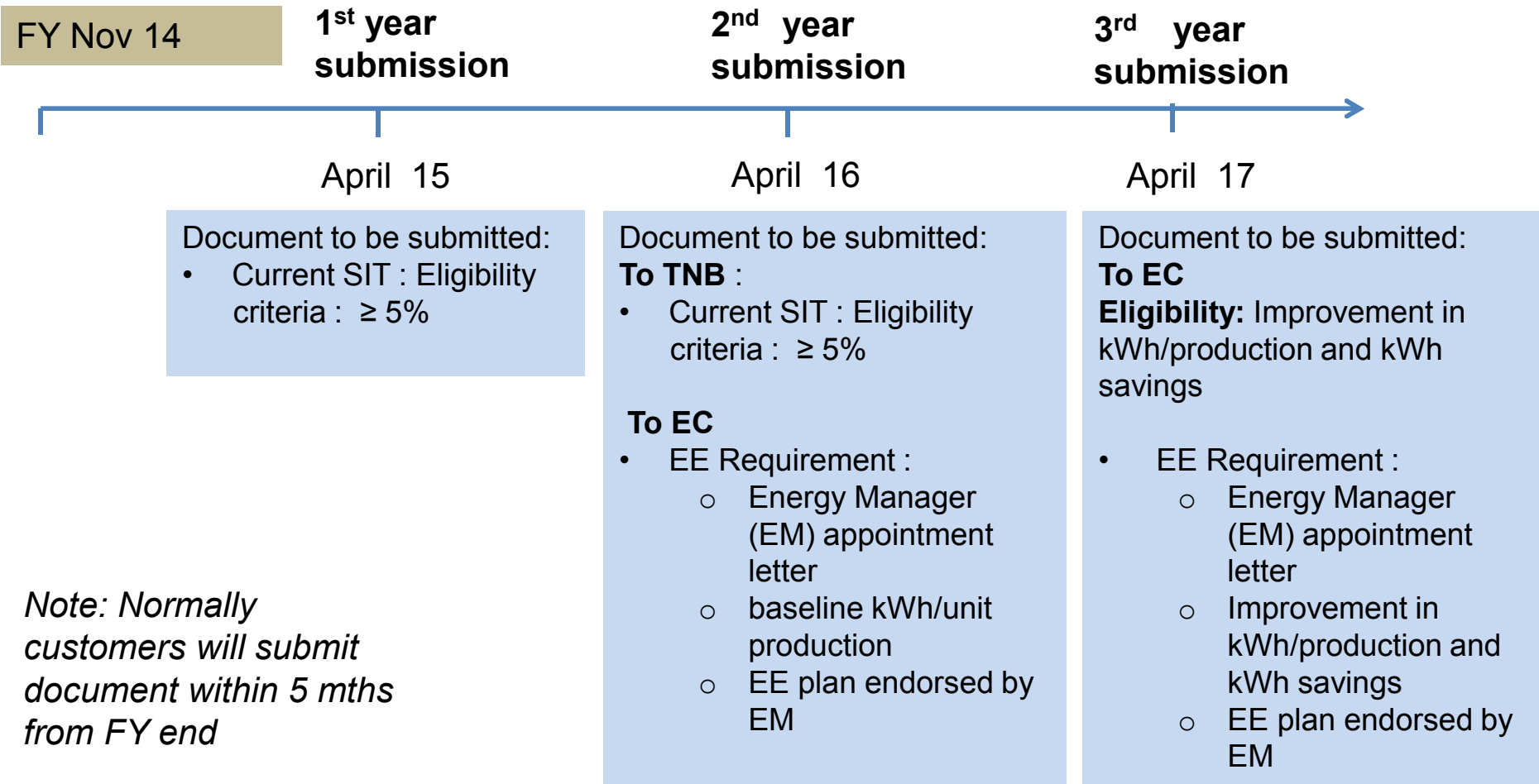


SIT Eligibility Effective January 2015

- Review/Renew Cases Only



Example:
Company FY = Nov 2014



Note: Normally customers will submit document within 5 mths from FY end

New conditions for SIT application starting January 2015



Type of application : review cases



CUSTOMER

Submit Application

TNB

ENERGY COMMISSION

AND

- Latest Audited Annual Report
- 12 Months Electricity Bill
- Appendix 1
- Qualification criteria : $\frac{\text{Electricity cost}}{\text{Total cost}} \geq 5\%$

- Energy Manager appointment letter
- Baseline kWh/production
- Energy Efficiency (EE) plan endorsed by energy manager

- Energy Manager Appointment letter
- **Improvement on kWh /production and kWh savings (comparison with previous year kWh/production index)**
- Energy Efficiency (EE) plan endorsed by energy manager

FIRST YEAR

SECOND YEAR & ONWARDS

Note: To be eligible customers must meet all the requirements

SIT Approval Process – YEAR 1

Step 1 :

Submission to TNB :

Annual report, Appendix 1, 12 months electricity bill

Submission to EC:

Energy Manager appointment letter

Baseline kWh/production

Energy Efficiency (EE) plan endorsed by energy manager

Step 2 :

EC will do the necessary checking on the EE plan and verify appointment letter of EE manager and forward to TNB the baseline kWh /production for each application

Step 3 :

TNB will evaluate the 5% eligibility and forward to SIT committee for endorsement

TNB will send the approval letter to customer and cc copy to EC

SIT APPROVAL PROCESS – YEAR 2

Step 1 :

Submission to EC the following documents:

- Energy Manager Appointment letter
- Improvement on kWh /production and kWh savings (comparison with previous year kWh/production index)
- Energy Efficiency (EE) plan endorsed by energy manager

EC will verify the improvement on kWh/production compared to base year and recommend to TNB on the eligibility of SIT tariff

Step 2 :

TNB will put forward EC's recommendation to SIT committee for endorsement

TNB will send the approval letter to customer and cc copy to EC

Thank You

