



SPECIAL INDUSTRIAL TARIFF (SIT) NEW POLICY

TENAGA NASIONAL BERHAD

1 JANUARY 2016



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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:-
 - Cement industries
 - Industrial gases industries
 - Iron & Steel industries
 - Ice factories
 - Glass 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







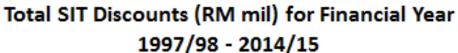


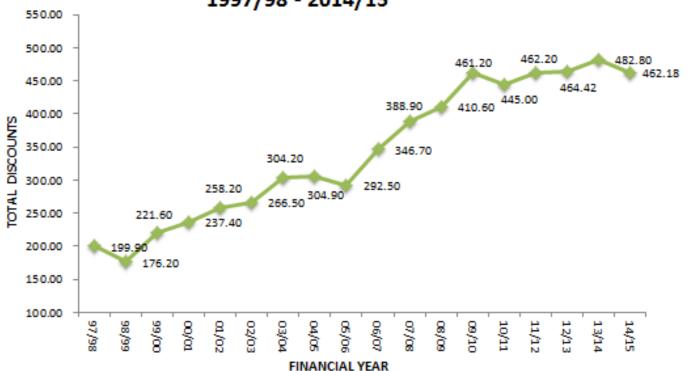


Cement Industrial Gases Iron & Steel Ice Glass

STATISTICS OF SIT FROM 1997/98 TO 2014/2015







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





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.





SuruhanjayaTonaga

Energy Commissio No. 12, Jalan Tun Hussein, Precinct 62100 Purrajaya, Malaysi T: +603 8870 8504 F: +603 8888 863 Toll Fire: : 1-800-2222-)

Ketua Pegawai Eksekutif / Chief Executive Officer

Ruj Kami: ST(IP/JPE/HE) 20/2/1 (67) Tarikh: 26 Ogos 2015

YBhg. Datuk Seri Ir. Azman Bin Mohd

Presiden / Ketua Pegawai Eksekutif Tenaga Nasional Berhad No 129, Jalan Bangsar 50730 Kuala Lumpur No Faks: 03-2284 0223

YBhy Datah Seri,

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

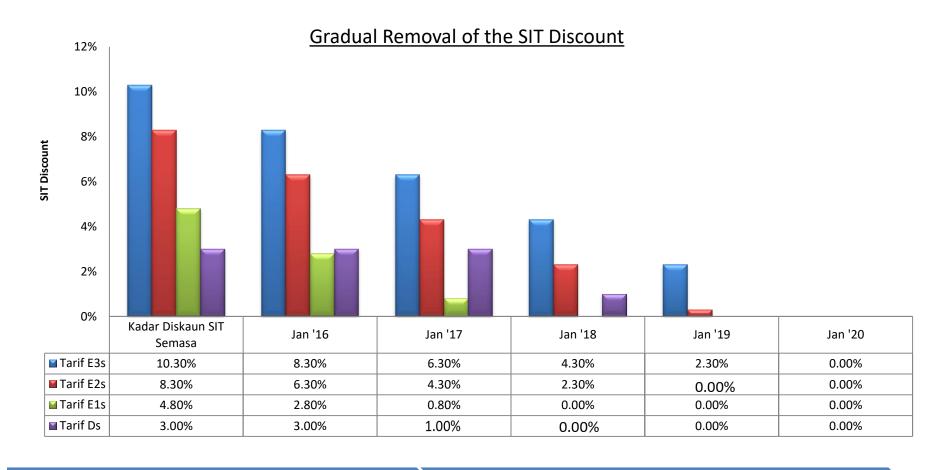
- Sepertimana sedia maklum, selaras dengan pengenalan skim EToU ini, pelan pelaksanaan pengurangan diskaun SIT akan dimulakan pada 1 Januari 2016 seperti berikut:
 - a) Pengurangan diskaun SIT sebanyak 2% secara beransur-ansur setiap tahun bermula pada 1 Januari 2016 hingga diskaun tersebut ditamatkan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

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

SIT Implementation



Gradual removal of the SIT discount of 2% per year effective 1 Januari 2016 and will be completely phased out by the year 2020 as per schedule below:



Pelaksanaan SIT



Pengurangan diskaun SIT secara berperingkat sebanyak 2% setiap tahun akan bermula pada **1 Januari 2016** dan akan ditamatkan sepenuhnya menjelang tahun **2020** seperti jadual di bawah:

JADUAL TARIF TIK BERKUATKUASA 1 JANUARI 2016 HINGGA 1 JANUARI 2021

Tariff Category	Unit	Existing Rates 01-Jan-14	Effective 01-Jan-16	Effective 01-Jan-17	Effective 01-Jan-18	Effective 01-Jan-19	Effective 01-Jan-20	Effective 01-Jan-21
Tariff Ds – Special Industrial Tariff								
(for consumers who qualify only)								
For all kWh	sen/kWh	42.70	42.70	43.60	44.00	44.00	44.00	44.00
The Minimum Monthly Charge is	RM	7.20	7.20	7.20	7.20	7.20	7.20	7.20
Tariff E1s - Special Industrial Tariff								
(for consumers who qualify only)								
For each kilowatt of maximum demand per month	RM/kW	23.70	26.00	28.50	29.60	29.60	29.60	29.60
For all kWh	sen/kWh	33.60	33.70	33.70	33.70	33.70	33.70	33.70
The Minimum Monthly Charge is	RM	600.00	600.00	600.00	600.00	600.00	600.00	600.00
Tariff E2s – Special Industrial Tariff								
(for consumers who qualify only)								
For each kilowatt of maximum demand per month during the peak period	RM/kW	32.90	33.60	34.30	35.50	37.00	37.00	37.00
For all kWh during the peak period	sen/kWh	33.60	34.30	35.00	35.50	35.50	35.50	35.50
For all kWh during the off-peak period	sen/kWh	19.10	19.50	19.90	20.60	21.90	21.90	21.90
The Minimum Monthly Charge is	RM	600.00	600.00	600.00	600.00	600.00	600.00	600.00
Tariff E3s – Special Industrial Tariff								
(for consumers who qualify only)								
For each kilowatt of maximum demand per month during the peak period	RM/kW	29.00	29.60	30.20	30.80	32.40	35.50	35.50
For all kWh during the peak period	sen/kWh	31.70	32.30	32.90	33.60	33.70	33.70	33.70
For all kWh during the off-peak period	sen/kWh	17.50	17.90	18.30	18.70	19.70	20.20	20.20
The Minimum Monthly Charge is	RM	600.00	600.00	600.00	600.00	600.00	600.00	600.00



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:

Total electricity cost

Total company operating cost

NEW (Energy Efficiency Basis)

Eligibility Criteria:

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



≥ 5%

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)

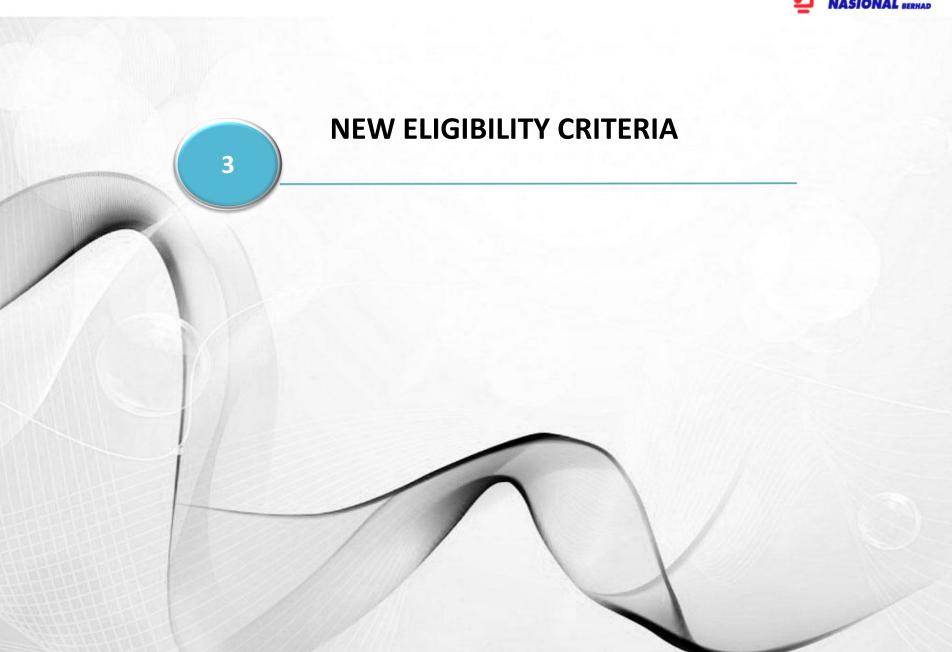
SIT Committee Members consist of:

TNB

- GM Commercial
- GM Commercial Policy Formulation & Deployment (CPFD)
- Senior Manager (Customer Service)
- Senior Manager (Finance)
- Secretariat
- Reviewer (RE Consultancy)
- Reviewer (Energy Efficiency Advisory Services)

EC representative(s)





KEY HIGHLIGHTS OF NEW SIT POLICY



WHO CAN APPLY?

- Only existing SIT customer may apply for SIT after 2 January 2016
- 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)
- 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.

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

Account Number	Туре	Can Apply
123	Review	Yes
1333	Resubmission	Yes
1234	New	Yes

Example: Company B submit after 1 Jan 2016

Account Number	Туре	Can Apply
123	Review	Yes
1333	Resubmission	Yes
1234	New	No

NEW POLICY YEAR 1- FOR COMPANY'S FY JAN 2016 – DEC 2016



Eligibility Criteria

Documents to Submit

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5% ELECTRICITY COST THRESHOLD

- Audited Annual Financial 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 Registered Electrical Energy Manager (REEM)
- Valid RFFM Certificate
- Baseline kWh/unit production historical data for previous 1 year (12 months) as per FY
 - 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

A 5% ELECTRICITY COS

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 Audited Annual Financial Report for the Financial Vear (FV) 2016

NOT APPLICABLE

12 months electricity bill for the same FY

EE REQUIREMENTS

- Appointment letter of Registered Electrical Energy Manager (REEM)
- Valid REEM Certificate
- Energy Efficiency (EE) plan endorsed by REEM
- Appendix 2- Improvement in kWh /unit production or kWh savings (comparison with previous year kWh/production index) up to 3 decimal points only
- Specific Energy Consumption (SEC) of current and previous years for 12 months as per FY

OTHER CONDITIONS FOR YEAR 2016 ONWARDS



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 yearend.
- 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 SIT documents submitted.
- vii. SIT consumers who have applied in the previous years from 2013-2015 can still apply for the SIT to enjoy lower tariff rates, subject to the new SIT Policy 2016 effective 1 January 2016.

OTHER CONDITIONS FOR YEAR 2016 ONWARDS

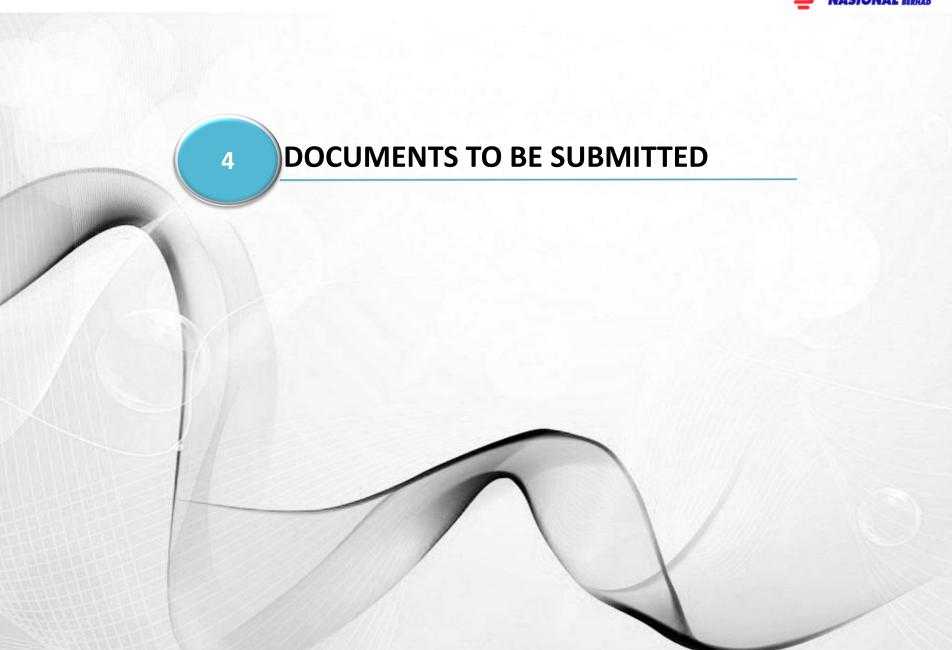


The existing SIT application criteria is maintained:

Water and Sewerage Operators:

- Water and Sewerage Operators (under the industrial tariff codes D, E1, E2 and E3) can still apply for automatic SIT and are NOT subjected to the New SIT Policy 2016.
- ii. However, other terms and conditions remain the same and the appropriate SIT tariffs are subject to the gradual removal of the SIT discount of 2% per year effective 1 January 2016 and will be completely phased out by the year 2020 as approved by the Government.





APPENDIX 1



			APPENDIX 1
PLANT/FACTORY: (as per electricity bill)			
TNB's account no:			
Business Revenue 1. 2. 3.			Current Year Last Year
Cost of Goods Sold *	Total	(1)	
1. 2. 3. 4. Operating Expenses **	Total	(2)	
1. 2. 3. 4. 5.			
6.	Total	(3)	
	Total Cost (2+3) = (4)		
Profit Before Tax Less: Taxation Profit After Tax	(1-4)		
We certify that the revenu a truth and fair picture of t		& indir	rect) relating to the above premise reflect
			Certified by External Auditor

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

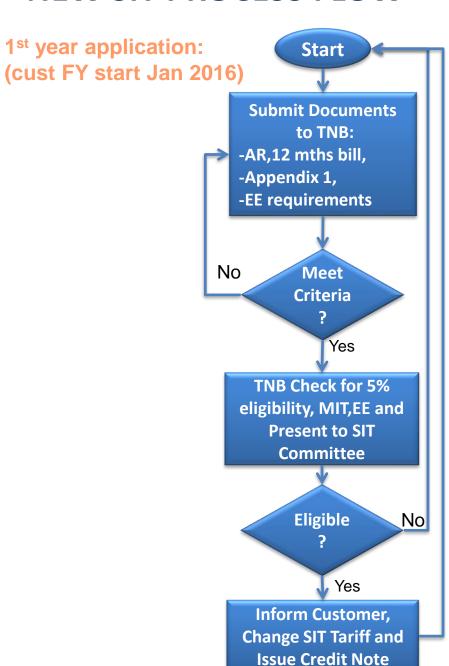
APPENDIX 2

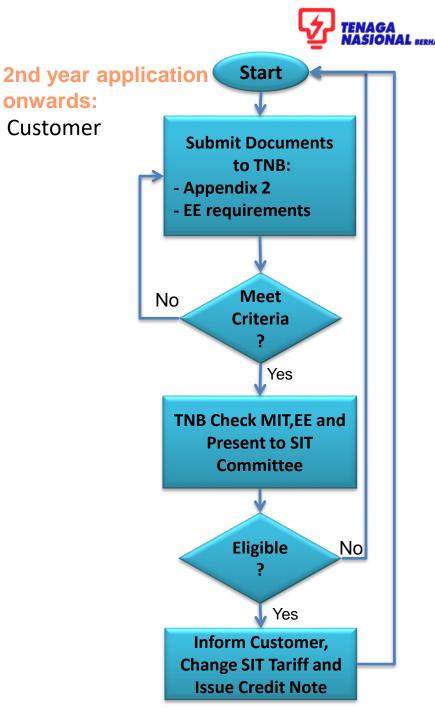


Main Products	Actual Electricity Consumption (kWh)/year	Actual Total Production (unit)/year	Total electricity consumption per unit products (kWh/unit) (current year)	Total electricity consumption per unit products (kWh/unit) (last year)*
Products 1:				
Products 2:				* Not
Products 3:				applicable for
Products 4:				Year 1
Total				
Weightage / Average				
** Energy Manager's comments (if any):			-
We certify that the data (direct &	indirect) relating to	the above premise	e reflect a true and fair	picture of the operation.
Certified by Energy Manager				

Certified by Energy Manager (signed & stamped)

NEW SIT PROCESS FLOW





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	V
	Cop dan tandatangan Juruaudit Luar	V
D)	Keperluan Kecekapan Tenaga	
	a) Sijil Pengurus Tenaga Elektrik (PTE) yang sah yang dikeluarkan oleh Suruhanjaya Tenaga	
	b) Surat Perlantikan Pengurus Tenaga Elektrik (PTE)	
	c) Laporan Kecekapan Tenaga bagi tahun semasa - Baseline	
	 d) Basis data – data/laporan jumlah penggunaan elektrik per unit produk (kWj/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
В)	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, Appendix 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.





SPECIAL INDUSTRIAL TARIFF



Tariff Category	Unit	Existing Rates 01-Jan-14	Effective 01-Jan-16	Effective 01-Jan-17	Effective 01-Jan-18	Effective 01-Jan-19	Effective 01-Jan-20	Effective 01-Jan-21
Tariff Ds – Special Industrial Tariff								
(for consumers who qualify only)								
For all kWh	sen/kWh	42.70	42.70	43.60	44.00	44.00	44.00	44.00
The Minimum Monthly Charge is	RM	7.20	7.20	7.20	7.20	7.20	7.20	7.20
Tariff E1s – Special Industrial Tariff								
(for consumers who qualify only)								
For each kilowatt of maximum demand per month	RM/kW	23.70	26.00	28.50	29.60	29.60	29.60	29.60
For all kWh	sen/kWh	33.60	33.70	33.70	33.70	33.70	33.70	33.70
The Minimum Monthly Charge is	RM	600.00	600.00	600.00	600.00	600.00	600.00	600.00
Tariff E2s – Special Industrial Tariff								
(for consumers who qualify only)								
For each kilowatt of maximum demand per month during the peak period	RM/kW	32.90	33.60	34.30	35.50	37.00	37.00	37.00
For all kWh during the peak period	sen/kWh	33.60	34.30	35.00	35.50	35.50	35.50	35.50
For all kWh during the off-peak period	sen/kWh	19.10	19.50	19.90	20.60	21.90	21.90	21.90
The Minimum Monthly Charge is	RM	600.00	600.00	600.00	600.00	600.00	600.00	600.00
, š								
Tariff E3s – Special Industrial Tariff								
(for consumers who qualify only)								
For each kilowatt of maximum demand per month during the peak period	RM/kW	29.00	29.60	30.20	30.80	32.40	35.50	35.50
For all kWh during the peak period	sen/kWh	31.70	32.30	32.90	33.60	33.70	33.70	33.70
For all kWh during the off-peak period	sen/kWh	17.50	17.90	18.30	18.70	19.70	20.20	20.20
The Minimum Monthly Charge is	RM	600.00	600.00	600.00	600.00	600.00	600.00	600.00

Notes:

- 1. 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
- 2. Tariff E1s, E2s, and E3s (Special Industrial Tariff) increased by 2% annualy starting 1st January 2016
- 3. Tariff Ds (Special Industrial Tariff) increased by 2% annualy starting 1st January 2017





CONCLUSION

SIT WAY

FORWARD



- All SIT Customer to take note of the new SIT Policy effective 1st Jan 2016
 - No **NEW SIT** application after 1 Jan 2016.
- Submission of SIT documents:
 - Year 1 Proof of 5% electricity cost and EE baseline
 - Year 2 & above 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. Muhammad Fitri bin Ayob (Tel: 03 – 7967 9200

ext: 1613)

En. Amirul Hakim b. Mannan (Tel : 03 – 7967 9200

ext: 9412)

EE Requirement (EC):

En. Norazrin bin Rupadi (Tel : 03 – 8870 8693)

En Ahmad Zulhilmi bin Haron (Tel: 03 – 8870 8680)

Puan Hafiza Binti Yob (Tel : 03 – 8870 8508)

Puan Eda Sofia Othman (Tel : 03 – 8870 8630)



https://www.tnb.com.my/commercial-industrial/for-industrial/

