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# Blackouts, a thing of past in Sabah with electricity power handover

**KOTA KINABALU:** Blackouts or power outages, a regular feature in the Land below the Wind, could be a thing of the past with the federal government's phased handover of regulatory power on Sabah's electricity supply to the state government.

On Oct 13, 2023, while tabling Budget 2024, Prime Minister Datuk Seri Anwar Ibrahim, who is also finance minister, said the decision was part of the federal government's effort to honour the Malaysia Agreement 1963 (MA63).

The takeover involving regulatory control over the state's power supply came into effect on Jan 3 while the state government plan to take over SESB is to be completed in 2030.

Following the decision, a special sitting of the Sabah Legislative Assembly on Jan 3 unanimously passed three laws, allowing Sabah to take over full regulatory authority of its power supply and renewable energy from the federal government.

The laws are Sabah Energy Commission Enactment 2023 (Amendment 2024) Bill, Electricity Supply Enactment Bill 2024, and Sabah Renewable Energy Enactment Bill 2024.

On Jan 19, Chief Minister Datuk Seri Hajiji Noor represented the Sabah government to take over the state's administration of electricity supply from the federal government representative Deputy Prime Minister Datuk Seri Fadillah Yusof in a symbolic ceremony at Kinabalu Tower here.

However, the handover was just the beginning of major challenges that lie ahead for the Sabah government and the Energy Commission of Sabah (ECoS) as the regulator for electricity supply in the state in addition to various initiatives and plans which have and are being implemented including the Sabah Energy Roadmap and Master Plan 2040 to make power accessible to the people.

SESB Chairman Datuk Seri Wilfred Madius Tangau described the handover as an opportunity for the utility company to execute a comprehensive plan to ensure a stable and efficient electricity supply in the state.

The approval of the three laws is timely as part of reforming governance in the government, that is power decentralisation, giving more autonomy to the Sabah government, which previously did not cover regulatory control of electricity supply," he told Bernama.

Elaborating on the issue plaguing the electricity supply in the Land below the Wind, he cited several key factors hampering efforts to provide efficient electricity supply in Sabah, such as the capacity to generate daily power requirements for the state.

He said Sabah is currently faced with the issue of low state reserve margin to ensure a stable power supply.

Madius said for SESB, its electricity generation capacity for Feb 28 stood at 1,110 megawatts (MW) while the peak demand for power reached 1,064 MW, giving a reserve margin of around 46 MW or 4.3 per cent compared to a minimum requirement of 12 per cent.

The level, he said is too low



Datuk Seri Wilfred Madius Tangau

compared to 40 per cent recorded in Peninsula Malaysia.

"Due to the low reserve margin, supply rationing has to be undertaken, which means frequent and continuous power interruptions. Rationing has to be resorted to ensure the electrical grid is stable, but at the same time, electricity supply in several areas have to be cut off due to rationing," he explained.

In fact, he said SESB grid experienced a critical deficit in its electricity supply on Jan 17 following the inability of two main independent power producers (IPP), Kimanis Power Sdn Bhd which supplies 95 MW and Ranhill Powertron Sdn Bhd (60 MW) to operate fully.

"SESB only generates 18 per cent of Sabah's electricity supply, while the remaining 82 per cent are produced by IPPs and later sold to SESB and this is another issue that should be looked into," he said.

According to Madius, the best approach in addressing the insufficient electricity supply is by increasing the electricity generation capacity.

Towards this end, SESB is targeting to achieve a 30 per cent reserve margin this year to give a more stable electricity supply to the state through the Large Scale Solar (LSS) and biogas initiatives.

Other projects being pursued are the installation of the Battery Energy Storage System (BESS) in Lahad Datu, with a capacity of 100 MW and the installation of 100 MW diesel-powered generator sets on a rental basis as an interim measure to meet the state's energy requirements, he added.

According to Madius, the company's reliance on IPPs should be reviewed as part of efforts to make SESB a power utility provider that is healthy, through higher electricity generation.

To achieve this, he said, priority should be given to the use of natural gas to generate electricity.

"At present, priority is given to natural gas to produce liquefied natural gas and for industry use; only then it goes into electricity generation.

"Natural gas that is used to generate electricity is then bought at a high price in the market, and if the cost is transferred to consumers, it will cause a hike in electricity tariff and this will hurt consumers. As such, we hope the state government and the stakeholders can find a solution to the issue," he said.

Madius said Tenaga Nasional Bhd (TNB) is still the biggest shareholder in SESB while Sabah only owns 17 per cent of the company's shares.

"For the company to become a subsidiary of the state government, TNB's 83 per cent share should be bought or acquired by the state government, allowing Sabah to directly manage the electricity supply," he said.

SESB, he said is also incurring losses estimated at RM200 million annually due to electricity thefts, especially in squatters and illegal immigrants' settlements.

He said SESB also incurs 17 per cent losses in electricity supply annually, of which 10 per cent is due to technical factors and another seven per cent attributed to non-technical problem, including electricity supply thefts.

To curb electricity thefts, Madius said SESB will enhance its cooperation with the police.

"SESB is not empowered by law to catch these thieves — we are only in the business of supplying electricity. If our house is broken into, we call the police; SESB is a victim of the crime and we report to the police when such incidents occur," he said.

Meanwhile, Madius also said that SESB is currently dependent on federal government subsidy to ensure the survival of its operation.

He said SESB is also forced to sell electricity at a lower rate of 34 sen a unit compared to its electricity generation cost of 43 sen a unit.

"In other words, SESB incurs a loss of nearly 10 sen for every unit of electricity sold to consumers. To cover its losses, the federal government provides subsidy; last year only RM850 million in the form of subsidy was allocated to SESB," he said.

However, Madius is confident the situation will be resolved within the next seven years once the SESB Transformation Plan is successfully implemented in collaboration with all the stakeholders.

Meanwhile ECOS Chief Executive Officer Datuk Abdul Nasser Abdul Wahid said after the handover, the commission should among others ensure that SESB is strongly positioned to perform its role as a utility provider for the state.

"To ensure SESB can forge ahead, the company's operational capability has to be strengthened, in addition to its financial resources to enable the company to function well, generating and supplying electricity for us," he said.

Noting that taking over regulatory control of the electricity supply from the Energy Commission (ST) is no mean feat, Abdul Nasser said for a seamless operation, ECOS formulated plans which are in line with the Sabah Energy Roadmap and Master Plan 2040.

"We hired skilled workers through other agencies including eight from ST. We needed about 90 workers and more than 70 have been filled. As for the rest, we are looking at taking in new workers among Sabahans," he said.

President of Sabah West Coast Smart Consumers Association David Chan said to ensure SESB can operate effectively, the process of handing over the utility company to the state government should be undertaken smoothly.

He said the Sabah state government's takeover of SESB by 2030 is a step in the right direction, noting that it should however be followed up with plans that are in line with the

Sabah Energy Roadmap and Master Plan 2040.

"The Sabah government's 17 per cent stake (in SESB) currently does not reflect that we have actually taken over regulatory control of the power supply; it should be returned to Sabah as we only know our needs for the people and this state.

"It is not healthy for SESB to manage its operation with the government subsidy. Once SESB has taken regulatory control over electricity supply, it is hoped that it can emerge as a competitive entity, providing reliable and efficient energy for the people and generating profits, a win-win situation for the people and the company," he said.

Among the key projects include the construction of Padas Hydroelectric Dam in Tenom, a joint collaboration between the federal government and Sabah with industry players. The dam is managed by Upper Padas Power Sdn Bhd.

According to the company's director Lim Chin Hong, the 187.5 MW plant, which is due for completion in 2029, is expected to help alleviate the perennial electricity supply issues in the state, increasing capacity by some 15 per cent.

In addition, a study is also being conducted so that the dam has the potential to supply clean and stable water flow to users up to 6,000 mega litres per day (6,000 million litres a day) for the people in the state.

"We also expect more than 60,000 residents in the surrounding areas to gain spill-over economic benefits once the project is completed, among others in ecotourism and business sectors, as a result of a more stable electricity supply," he said.

Kemabong Native chief Emot Kanda said the area is suitable for the construction of the hydroelectric dam given that it has the best natural water resources, with wide reservoir area of 1,905 square kilometres.

Emot, 63, said he together with other residents in the area hoped that the hydroelectric dam project could be completed earlier than scheduled.

"As a native of this place, the electricity and water issues have yet to be solved. I truly hope that this perennial problem can be addressed before my last breath so that my future generation here can live in comfort.

"The electricity and water woes are also a concern for the business community and investors as they pose as risks for growth. Unfortunately, most of the residents here are not well-off. It is hoped that with the presence of businesses and investors, the local economy can improve further," he said.

At the launch of the dam on Dec 7, Anwar said there should be no more excuses for delays in the development of electricity and water projects, and all projects for the people like the Ulu Padas Hydroelectric Dam, should be expedited.

"No more excuses," said the prime minister who wanted the people in Sabah to live in comfort through proper basic infrastructure such as electricity and water. — Bernama