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Sabah takes back regulatory powers

Power supply and renewable energy handed from Federal Govt's authority

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KOTA KINABALU: Sabah took back full regulatory authority of its power supply and renewable energy after handing it over to the Federal Government 40 years ago.

A special session of the Sabah assembly unanimously passed the Sabah Energy Commission Enactment 2023 (Amendment 2024) Bill, Electricity Supply Enactment Bill 2024, and Sabah Renewable Energy Enactment Bill 2024.

The move, dubbed historic by Chief Minister Datuk Seri Hajiji Noor, saw Sabah take back its regulatory authority on power supply and renewable energy from the Federal Energy Commission and Sustainable Energy Development Authority, effective yesterday.

"It gives total regulatory control of the energy sector in Sabah through ECoS (the Energy Commission of Sabah)," he told the state assembly.

However, the Sabah government has yet to commit to taking back Sabah Electricity Sdn Bhd (SESB), which then known as the Sabah Electricity Board was handed over with its regulatory powers to the Federal Government in 1984.



Historic moment: Hajiji (right) tabling the Bills at the special sitting.

In handing over the utility agency to the Federal Government, the then state government under Tan Sri Harris Salleh had hoped for federal funds to improve power generation through larger infrastructure cost funding.

The Federal Government later in 1998 privatised the utility board to Tenaga Nasional Bhd (TNB), which holds a majority share with the Sabah government a minority shareholder in SESB.

Hajiji told the House that the state government was considering taking over SESB in principle as the Federal Government will no longer provide subsidies after 2030 as the regulatory control is transferred to the state government.

"The Sabah government currently holds a 17% ownership stake in SESB while TNB holds the remaining 83%.

"We also need to consider the

liabilities and share values of the utility company," he said.

Between 2012 and 2019, the Federal Government channelled RM3.7bil for fuel, solar and tariff support subsidies in Sabah.

Hajiji said the state government would also study taking over independent power producers (IPPs) once their contracts expire as this would involve a large sum of money, running into millions and billions of ringgit.

IPPs make up 80% of Sabah power supply generation.

Assemblymen from both sides of the political divide gave their full support to the return of the regulatory authority but were cautious when it came to taking back the debt-riddled SESB.

During debates, government backbencher Datuk Dr Yusof Yacob (GRS-Sindumin) said the federal authorities had failed to understand Sabah power needs, unlike in Peninsular Malaysia where the grid system was comprehensive in providing power to all areas in the region.

"This is a game changer for Sabah. This should have been done a long time ago. The Energy Commission never understood the plight of Sabah because of the distance, and we are separated by the South China Sea," he said when debating the amendments

to the ECoS Bills.

Opposition Warisan president Datuk Seri Mohd Shafie Apdal in supporting the Bills, however, cautioned that the state government must ensure the management of the new Sabah Energy Commission is qualified with the right background.

Shafie (Warisan-Senallang) also said the state government should not rush into taking back SESB so as not to burden itself with the debt-ridden company.

He also highlighted his concerns over IPPs selling electricity to SESB, which still sees the state suffer the highest number of power cuts and rationing due to numerous breakdowns at IPPs.

"It is important to review the IPPs," he said, adding that the Sabah government must negotiate with TNB to absorb all debts before taking back the utility company.

The unity government under Datuk Seri Anwar Ibrahim had agreed for the return of regulatory powers to Sabah as part of negotiations of the state rights under Malaysia Agreement 1963 (MA63).

With the taking over of the regulatory powers, the state government will be able to make laws and set policies for electricity and renewable energy infrastructure in line with its development plan for the state.