

FREQUENTLY ASKED QUESTIONS (FAQ)

How will the new tariff affect a Domestic consumer like me?

- **75% of Domestic consumers** or over 275,000 households whose monthly consumption are 350 kWh and below will experience reduction or no increase in their monthly bills.

What improvement can I expect with the new tariff structure?

- Tariff restructuring is a move towards the operational sustainability and viability of SESB, thus allowing more resources for improving the quality and reliability of electricity supply in Sabah - bringing up the standards of electricity supply in Sabah. This is the first tariff restructuring in more than 25 years and is needed to minimize the widening gap between the cost of supply and tariff caused by escalation of costs and inflation during this period.
- The new tariff structure would provide the correct pricing signal to end use consumers to promote more efficient utilization of electricity in Sabah and F.T. Labuan. This will lead to conservation of fast depleting energy resources and contribute to global effort to address climate change. (End use efficiency has been identified to play the most crucial role to address climate change by International Energy Agency)
- Low income Domestic consumers (in Lifeline band) and Commercial consumers (such as small traders) with consumption 1-200 kWh are protected in this tariff restructuring. They will experience a minimal increase, while many will even see reduction in their bills.
- With a 47% reduction in rates for public lighting, safety levels would be increased while allowing local governments to use more allocations for beautification, cleanliness campaigns and other services to the public.
- The introduction of new tariff classes to cater for off-peak usage for Commercial and Industrial consumers gives them an option to lower their electricity costs while assisting the utility to reduce growth in peak demand.

How can I reduce my electricity bills?

The simplest way to reduce your electricity bill is to use electricity efficiently and wisely while still maintaining your standard of living and comfort level. Try these quick and easy steps:

- Switch off appliances and electrical equipment such as lights, TV, air conditioners, fans, etc. when not in use.
- Set temperature of your air conditioner between 24°C to 26°C, and make use of timer or energy saving mode at night.
- Operate your washing machine at full load without overloading.
- Iron all your clothes at one time.
- Use energy-efficient light bulbs and electrical appliances.

For industrial users, use High Efficiency Motors (HEM) and variable speed drives.

For further tips on how you can reduce your electricity bills, please visit www.sesb.com.my, www.tnb.com.my, www.st.gov.my or www.kettha.gov.my

NEW TARIFF STRUCTURE

| TARIFF CATEGORY | RATES | UNIT |
|---|------------------------------|--|
| Tariff DM – Domestic Tariff For the first 100 kWh (1-100 kWh) per month For the next 100 kWh (101-200 kWh) per month For the next 300 kWh (201-500 kWh) per month For the next kWh (501 kWh onwards) per month The Minimum Monthly Charge is RM5.00 | 17.5 18.5 33.0 34.5 | Sen/kWh Sen/kWh Sen/kWh Sen/kWh |
| Tariff CM1 – Low Voltage Commercial Tariff For the first 200 kWh (1-200 kWh) per month For the next kWh (201 kWh onwards) per month The Minimum Monthly Charge is RM15.00 | 33.0 33.5 | Sen/kWh Sen/kWh |
| Tariff CM2 – Medium Voltage General Commercial Tariff For each kilowatt of maximum demand per month For all kWh The Minimum Monthly Charge is RM1,000.00 | 18.50 28.0 | RM/kW Sen/kWh |
| Tariff CM3 – Medium Voltage Peak/Off-Peak Commercial Tariff For each kilowatt of maximum demand per month during Peak Period For all kWh during the Peak Period For all kWh during the Off-Peak Period The Minimum Monthly Charge is RM1,000.00 | 24.00 28.8 17.6 | RM/kW Sen/kWh Sen/kWh |
| Tariff ID1 – Low Voltage Industrial Tariff For all kWh The Minimum Monthly Charge is RM15.00 | 32.0 | Sen/kWh |
| Tariff ID2 – Medium Voltage General Industrial Tariff For each kilowatt of maximum demand per month For all kWh The Minimum Monthly Charge is RM1,000.00 | 18.50 22.8 | RM/kW Sen/kWh |
| Tariff ID3 – Medium Voltage Peak/Off-Peak Industrial Tariff For each kilowatt of maximum demand per month during Peak Period For all kWh during the Peak Period For all kWh during the Off-Peak Period The Minimum Monthly Charge is RM1,000.00 | 21.40 26.5 15.6 | RM/kW Sen/kWh Sen/kWh |
| Tariff PL – Street Lighting Tariff For all kWh (without maintenance) For all kWh (including maintenance) The Minimum Monthly Charge is RM15.00 | 16.0 31.0 | Sen/kWh Sen/kWh |

Note: This leaflet serves as a guideline only.

For further details, please refer to the latest SESB Tariff Book or contact us:

- Fax **088-282451**
- Email **tariff@sesb.com.my**
- Website **www.sesb.com.my**
- Tel **1-800-88-1135** (Tariff Helpdesk)
- Visit the nearest SESB area offices.



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NEW TARIFF STRUCTURE

Sabah & F.T. Labuan

TARIFF RESTRUCTURING UNDERSTANDING THE NEW TARIFF STRUCTURE

Why does the tariff need to be restructured?

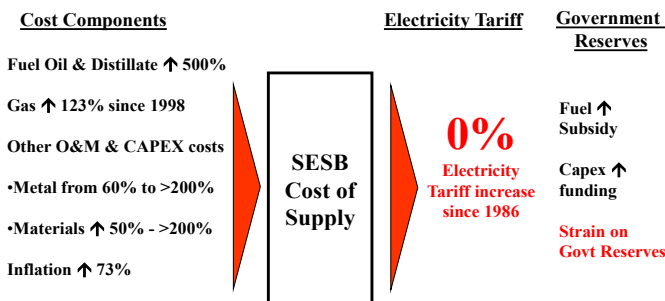
SESB inherited the LLS tariff which has not been changed for 25 years since the last revision in April 1986. This has resulted in SESB operating in financial deficit condition and thus heavily reliant on Government funding for its operations and capital development.

The present tariff structure needs to be restructured to be in line with the country's energy policy for sustainable use of energy resources.

When will the new tariff structure take effect?

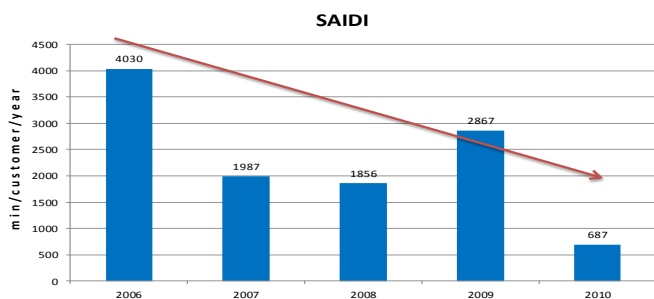
The new tariff structure will take effect on 15th July 2011.

Cost of supply has increased tremendously since 1986



The increasing subsidy and overly subsidized tariff has resulted in inefficient allocation of government resources which could have been better channeled to the targeted poor and for the development of needed infrastructure.

Despite the various constraints and challenges, SESB has managed to improve its SAIDI from 4030 min/consumer in 2006 to 687 min/consumer in 2010. This was achieved with the help of Government funding and operational efficiency improvement.



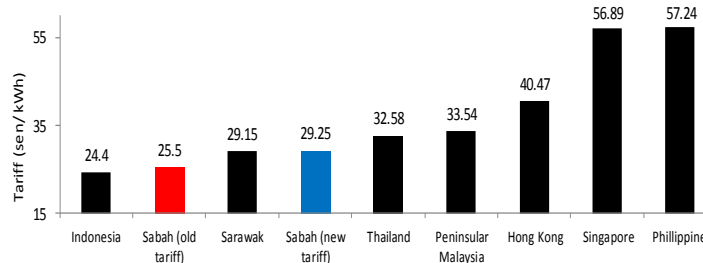
Note: Source: SESB Analysis
The System Average Interruption Duration Index (SAIDI) is the average outage duration for each consumer served. It is used as a reliability indicator by electric power utilities.

OTHER OPERATIONAL EFFICIENCY IMPROVEMENTS

- Staff Productivity Ratio (Sales in RM Thousand per Employee) : 228 (FY2000) to 429 (FY2010)
- Distribution System Losses : 14.84% (FY2006) to 8.27% (FY2010)
- Average Collection Period : 90 days (FY2006) to 36 days (FY2010)

TARIFF COMPARISON – SESB VS OTHERS

Sabah's new tariff is still among the lowest despite its higher cost structure (higher fuel costs, large area and lower consumer density).



Note:

- Indonesia Government subsidy of about US\$5 billion to US\$7 billion per year.
- Sarawak's cost structure is much lower than Sabah, with cheaper gas and coal price.

KEY FEATURES AND BENEFITS

- PROTECTION OF LOW INCOME CONSUMERS –**
 - 75% of Domestic consumers** or over 275,000 households whose monthly consumption are 350 kWh and below will experience reduction or no increase in their monthly bills.
 - Commercial consumers such as small traders with consumption below 200 kWh, comprising 33% of Commercial consumers will see a minimal addition of up to RM2 in their monthly bills.
- ENCOURAGE EFFICIENT USE OF ENERGY –** Higher consumption will be charged a higher rate to curb wastage, thus helping to conserve depleting resources and address climate change.
- LIGHTING UP SABAH –** With a 47% reduction in rates for public lighting, safety levels would be increased while allowing local governments to use more allocations for beautification, cleanliness campaigns and other services to the public.
- STRENGTHENING SABAH'S ECONOMY** (Promoting competitive product and services) – The brand new Peak/Off Peak tariff classes that encourage off peak usage would benefit existing and new consumers in the Commercial and Industrial category. A reduction of up to 50% Consumer Connection Charges for new supply connections will be implemented effective 1st January 2012.
- PROMOTING A CARING SOCIETY –** In encouraging a caring society, a 10% discount is given for approved non-profitable welfare organizations, places of worship and education institutions (fully or partially funded by Government).

Note: Meter rental will be waived in the new tariff structure.

Impact if there is no tariff restructuring

- SESB is not able to sustain operations, i.e. meeting operating costs and capital expenditure needs.
- Insufficient or delayed funding would cause delay in the implementation of the identified plans for the improvement of electricity supply in Sabah, resulting in unreliable electricity supply, hence creating a spiral effect to the socio economy of Sabah and F.T. Labuan.
- Constraints in investment in asset replacement for aged equipment.
- Constraints in investment into new technologies that would greatly enhance the quality and reliability of supply.
- Consumers would not be motivated to practice Energy Efficiency as the old rates do not reflect the true cost of supply and the design with lower rates for higher consumption do not send the right signal to consumers. This will consequently lead to unnecessary burning of fossil fuel contributing to wastage on resources and environmental degradation.

If my bill is on the 20th of July 2011, how does SESB calculate my bill during the transitional period?

- Your electricity bill will be calculated based on prorate basis. This means that units consumed before 15th of July 2011 will be calculated based on the old rate and the units consumed on and after 15th of July 2011 will be calculated using the new rate.

READY RECKONER TO CALCULATE DOMESTIC CONSUMER'S NEW BILL

| Monthly Consumption Band (kWh) | Existing Monthly Bill (RM) | New Monthly Bill (RM) | Difference (RM) | % Increment |
|--------------------------------|----------------------------|-----------------------|-------------------------|--------------------------|
| 0—168 | 5.00 - 30.08 | 5.00 - 30.08 | Up to -2.60 (reduction) | Up to -27.1% (reduction) |
| 169—200 | 30.25 - 35.20 | 30.25 - 36.00 | 0 to 0.80* | 0% to 2.3% |
| 201—350 | 35.50 - 77.20 | 36.35 - 85.50 | 0.85 to 8.30* | 2.4% to 10.8% |
| 351—500 | 77.50 - 119.20 | 85.85 - 135.00 | 8.35 to 15.80 | 10.8% to 13.3% |
| 501—1000 | 119.50 - 259.20 | 135.35 - 307.50 | 15.85 to 48.30 | 13.3% to 18.6% |
| >1001 | >259.50 | >307.85 | >48.35 | Up to 23% |

Note:

* Bill difference for consumption between 169 kWh - 350 kWh will be automatically discounted/adjusted in consumer's monthly bill.