



26 March 2019

Vice President (Distribution)
Syarikat SESCO Berhad
Menara Sarawak Energy
No. 1, The Isthmus,
93050 Kuching, Sarawak

Attn: Ms Siti Aisah

Dear Ms Siti,

Comments on New Connection Charges Guidelines 2019

Acknowledge receipt of the document(s) by:

Company

Date

Name

Signature

I.C:

[Stamp: SARAWAK ENERGY BERHAD, DESPATCH MENARASEB, 672931-A, 13/3/19]

Thank you for having SHEDA to participate in the recent engagement session on New Connection Charges Guidelines 2019 on 28 February 2019.

SHEDA's feedback on the subject matter is as follows:

1. Revision of Turnkey Project Policy

The new guidelines for new development project – implementation will be either on full SESCO or full Turnkey basis.

The old system of having the option to choose “HT by SESCO, LT by Turnkey” has worked very well and need not be revised. Hence, SHEDA's proposal is to maintain status quo of the old system so that the developers still have an alternative or flexibility in implementing their projects.

2. Low Cost Housing Connection Charge

SESCO's definition of low cost housing is a built up area of 755 sq. ft. and a load demand of 1.5kVA or less in order to have the **capacity charge** waived.

Sarawak Government has been initiating various models of low cost and affordable housing schemes so that those below 40 and mid 40 income group has a chance to own their own home.

Government's objectives is to make houses more affordable with the capped selling price and therefore it doesn't make any sense to charge capacity charges based on floor area and a load of 1.5kVA or less, or 50% off for load of 2kVA or less. Due consideration should be given to controlled selling price (Capped) by the Government and not based on the floor area or loading.

In addition, the new connection charge in Case 5 of the Presentation pertaining to Low Cost Housing Development revealed that there is a significant jump by about 153% in the new connection charges as illustrated in the old total CC of RM143,200 as compared to new total CC of RM361,900.

SHEDA is of the opinion that any low cost and affordable housing under the purview of the Government whereby the selling price is **capped** to make it affordable to the lower income group should be waived of the **capacity charges**.

Likewise, there is a lot of cost difference in the old and new total CC and due consideration should be given to this Low Cost Housing by maintaining the **old capacity charges** in order to achieve our Government's objective to make housing **affordable** as well as **sustainable** to cater for the lower income group.

3. Rate of incoming cable

The new rate is generally much higher than previous rates. It could be Sarawak Energy is using averaging cost. Sarawak is sparsely populated and the main development is concentrated in the major urban areas: Kuching, Miri, Sibu and Bintulu which has the economy of scale.

Conversely, rural development areas like Kapit, Song, Lawas, Marudi and other smaller towns which command higher cost is basically due to smaller development and also its logistic location in the hinterland.

The new charges for a 11KV underground cable 3C 185mmsq AL is noted to be RM260.00 per meter as compared to previous charge of only RM100.00 per meter. That is an increase of 260%! As compared to normal turnkey rate, this is about twice the cost.

Proposed Urban areas to have a lower charges than rural areas because more than half of the development in Sarawak is in Kuching-Samarahan area. Alternately, the said rate be reverted to RM100.00 per meter which is still sustainable in doing business.

4. Provision of Substation Site

This item (Item 6 in the Guidelines) was not presented at the presentation.

The **new requirement of having a distribution substation** is for applied load not less than 45KVA. However, the old requirement is for applied load not less than 160KVA to have a substation. That is a significant change in increasing the required number of substations by 3.5 times which is economically not sustainable in doing business.

SHEDA would like to propose a less stringent requirement and perhaps maintaining the old ruling of applied load not less than 160KVA before a substation may be required. Any load of 160kVA or less can be supplied without having a substation site to be provided.

SHEDA would like to request for consideration to allow the use of 4.6m x 4.6m compact substation for commercial development in fully built up areas as there may not be expansion in the loading, or to consider using pad-mounted substation for such development.

With the new Guidelines, we notice that there are significant increase in cost in most scenario, if the works are to be carried out by SEB under connection charges. Hence, we would like SEB to explore more flexibilities and options to make the cost more reasonable especially for affordable housing.

Thank you for your kind attention and consideration. We look forward to have more engagement session with SESCO in the near future.

Yours sincerely,
for Sarawak Housing and Real Estate Developers' Association



Dr. Christopher Ngui
President



Dr. Richard Tan Yoke Seng
Secretary-General
Chairman, Technical Committee