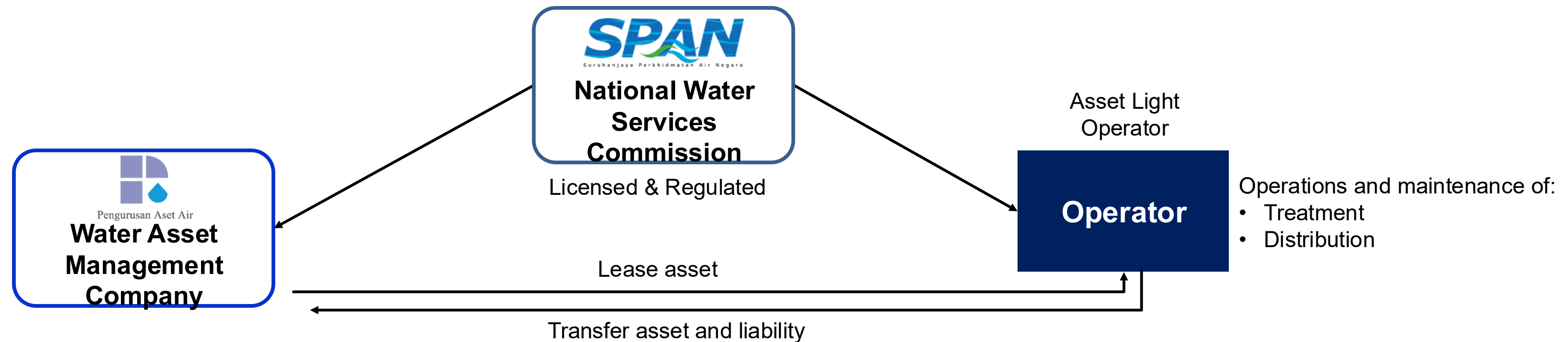


QUESTIONS & ANSWERS

WATER SUPPLY **SERVICES**

Licensing Financing Model :Asset Light



WATER ASSET MANAGEMENT COMPANY

- PAAB – non-profit national water asset holding company funded by Federal Government
- Can seek additional funds from capital market
- Cheaper cost of fund (AAA rating)
- Efficient asset and facilities management
- Licensed by SPAN with specific KPIs
- To enable operators achieve full cost recovery

Operator must:

- Must adopt Regulatory Water Accounting (RWA)
- Submit 3 years rolling and 30 years long term business plan
- Meet KPI targets approved in the business plan
- Financial facilities are only for operators whom migrated to this regime

Planning, Monitoring & Review of Operators

- 3 years rolling business plan
- 30 years long term business plan






- Policy Objectives & Development Goals
- Water supply and demand
- Sewerage Catchment Strategy
- Tariff review

KPI set based on:

- operational services
- water and effluent quality
- financial

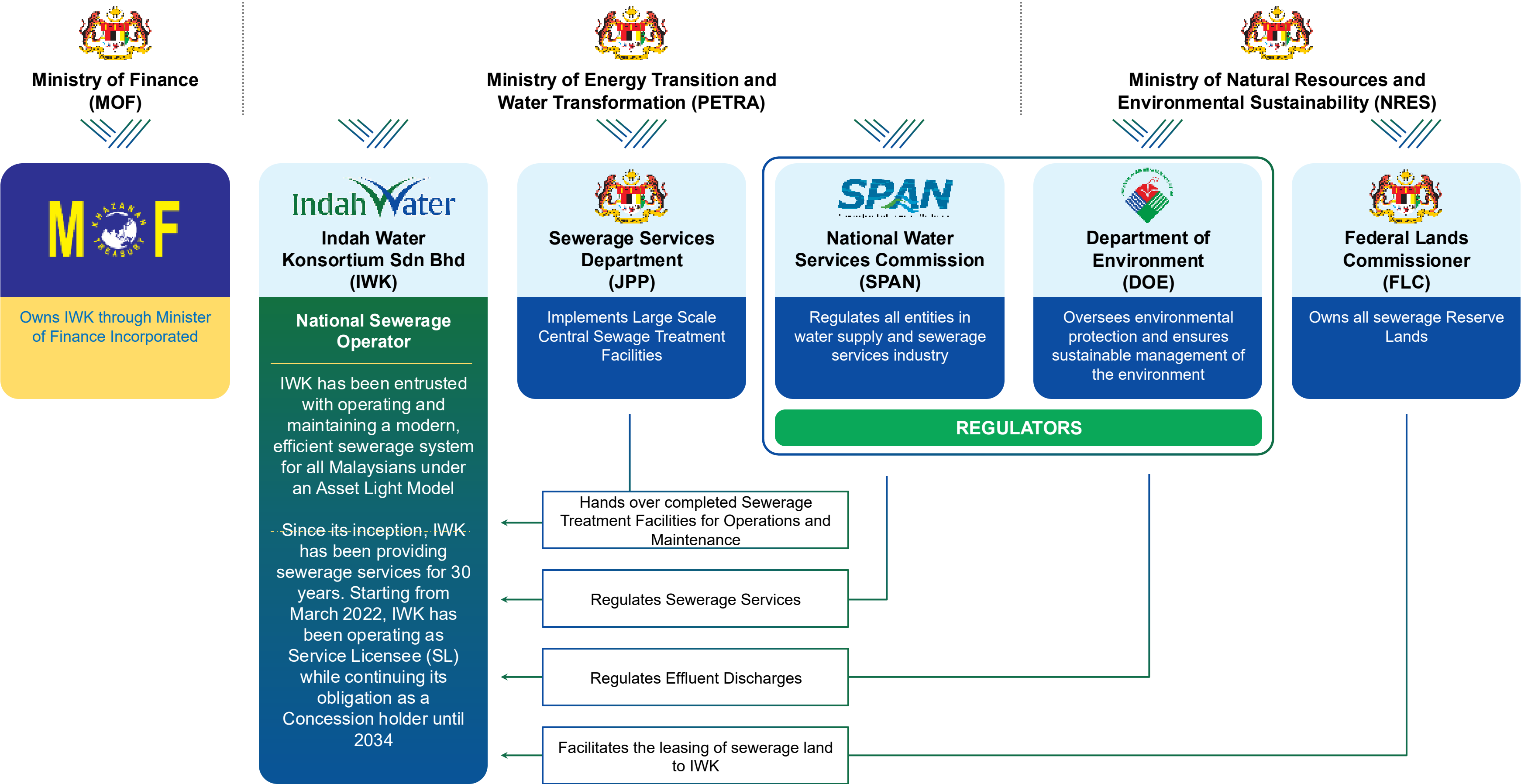
National Non-Revenue Water (NRW) Reduction Programme

| 11th & 12th Malaysia Plans |

	Approach 1: Targeted upgrades for high-NRW states	Approach 2: Performance-based incentives for low-NRW states
 CONCEPT	Implementation of the NRW project for selected scope of work funded through direct grant.	Incentives are offered via reimbursement mechanism to promote continuous NRW reduction efforts by water operators — 50% for meeting targets, 75% for doubling results.
 PARTICIPATING STATES	States with NRW levels 40% and above: Pahang, Kelantan, Kedah, Perlis, Sabah, Sarawak, and F.T Labuan	States with NRW levels below 40%: Selangor, Johor, Negeri Sembilan, Melaka, Terengganu, Perak, and Pulau Pinang.
 PROJECT SCOPE	Selected Scope <ol style="list-style-type: none">1. SIV meter installation/replacement2. Consumer meter replacement3. Service reservoir rehabilitation/replacement4. GIS development	Holistic NRW Scope <ol style="list-style-type: none">1. GIS development2. Establishment of District Metering Zones (DMZ)3. Hydraulic modelling4. Pressure Management5. Active leakage detection and repair6. Meter installation and replacement7. Pipe replacement8. Development of monitoring systems
 FUNDING ALLOCATION	RM535 million (grant)	RM1.371 billion (matching grant)
 IMPLEMENTING AGENCY	Water Supply Department (JBA)	National Water Services Commission (SPAN)

SEWERAGE SERVICES

IWK's Corporate Structure and Stakeholders



Trends in Sewerage Capex Allocation



5-YEAR GOVT DEVELOPMENT BUDGET FOR NEW PLANTS

- Implementation of New Centralised Sewage Treatment Facilities together with Pipelines are funded from 5 year Government Development Budget.
 - This is a Federal Government allocation and Projects are implemented via Tendering Process and upon completion to be handed over to IWK for Operations



DEVELOPER CONTRIBUTION FOR PRIVATE UPGRADES

- Upgrading/Refurbishment of takeover of private Existing Sewage Treatment Facilities funded by Developers Contribution
 - Any new property development that connects to existing facilities are required to pay 1% of property value as sewerage contribution fund. This custodian of this fund is the National Water Services Commission and this fund is given to IWK to carry out all refurbishment and upgrading works.



PRIVATE SECTOR FOR WATER RECLAMATION FACILITIES VIA BOT

- Implementation of Water Reclamation Facilities via BOT mode
 - Private Sector are invited via RFPs to implement and sell reclaim water to offtakers



PRIVATE SECTOR FOR GREEN INITIATIVES VIA PFI

- Implementation of Green Initiatives vis PFI
 - Private Sectors are invited to participate in Green Initiatives through RFPs and payment is made on agreed terms OR cost savings are shared where the Private Sector enjoys the recovery of investment and operations through the savings.

BOT Model for Sustainable Reclaimed Water Development

Proposed Salient Terms of the PFI Model via BOT (Build, Operate & Transfer)

- 1 Guaranteed off taker required
- 2 Right to use the land to implement the WRP for the entire BOT period
- 3 Penalty for non-compliance of PFI model
- 4 Offtake payment to IWK/water operator by off taker. IWK then pays BOT project proponent with agreed tariff during the entire BOT period
- 5 Step up tariff is granted over the BOT period
- 6 Fixed monthly payment (capex) and bulk sales rate (opex) = tariff RM/m³
- 7 Non-recourse financing where a dedicated SPV is required
- 8 Currently Business-to-Business (B2B) engagement. However, Class License by SPAN may be required in the future