

Kuala Lumpur electricity market

Malaysia's anticipated open access power grid regime, slated to be in place by September, will be one of the important levers to accelerate Malaysia's green energy shift, but there remains hurdles to long-term success in the absence of a more open electricity market, said some industry players.

Malaysia's energy transition ministry is currently laying the groundwork for opening up third-party access to its electricity grid, focusing on renewables supply. On 26 July, it announced that it will launch the Corporate Renewable Energy Supply Scheme (CRESS) later this year. The initiative will see electricity buyers negotiating pricing directly with a renewable energy power plant for green electricity supply, according to a statement issued by the ministry.

Currently, Malaysia's energy sector operates with centralised utility systems that are being controlled by single entities. End users source their electricity, including that from conventional sources, from Tenaga Nasional Bhd (TNB), Malaysia's largest utility and the sole operator of the national grid.

Even with the deregulation of access to the grid, Malaysia's approach seeks to provide third-party grid access without liberalising the electricity market or ensuring all generators sell to a power pool, say experts. Speaking at the Unlocking capital for sustainability conference in Kuala Lumpur, held a day before the announcement on CRESS, Tham Chee Aun, founder and chief executive of Ditrolic Energy, a renewable energy (RE) company, said Malaysia could also need an open electricity market in its push for a green energy shift.

This is to 'properly structure the relationship between consumers and the grid', he said on a panel discussion. 'It enables your road, your house, to inject power directly to the grid.'

Tham also noted: 'Policymakers do know that [an open electricity market] is the ultimate goal, but capital needs to be mobilised and policies reformed to move towards this vision.'

A 'shining example' is Singapore which operates a competitive and open electricity market, allowing consumers to enjoy more choices and flexibility when buying electricity, while also implementing a carbon levy that ensures that the appropriate pricing of carbon can further drive behavioural change, he added.

With the launch of the National Energy Transition Roadmap (NETR), which outlines an increase in the share of renewables in Malaysia's energy mix, from 40 per cent by 2035, to 70 per cent by 2050, there has been much discussion on whether the near monopoly hold over the energy sector by the country's leading utilities should be loosened.

Yet industry watchers also acknowledge that these are public listed companies - TNB is the largest public

listed power company in Southeast Asia - which have played important roles in the country's national development. Tham suggested that more needs to be done to think of how to cushion the impacts; if the nation was pushing for such a shift.

Regardless, political will to enable a more open market is there, said natural resources and environmental sustainability minister Nik Nazmi Nik Ahmad, who delivered the keynote address at the same event.

A lot on the ground needs to move; and a fundamental shift of mindset is required, while ensuring that the reliability of electricity supply is not sacrificed, said Nik Nazmi, noting that he is not envious of deputy prime minister Fadillah Yusof, who now looks after the energy transition portfolio and has a difficult task of resolving these challenges.

Policymakers have already been navigating a shift away from the idea of having a sole distributor of electricity such as TNB, which is very much in control of Peninsula Malaysia's electricity market, he said. The leadership will need to continue to back the move and signal that it is the way forward.

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