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ENERGY

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THE atmosphere in Malaysia's once-boring solar power industry has completely changed in recent years.

Between 2014 and 2019, solar is the only renewable energy (RE) source that has grown by a whopping 432% in installed capacity.

The soaring appetite for solar power was thanks to conducive government policies such as tax incentives, apart from cheaper photovoltaic systems, that encouraged solar energy adoption across the commercial and residential sectors.

The growth is further strengthened by the entry of non-power producers into the industry and the growing need for companies to boost their environmental, social and governance (ESG) profiles.

There remains huge untapped potential for the solar power industry in Malaysia, and this is complemented by an increasingly high demand from the market.

However, the country's highly-regulated solar-related policies have to an extent prevented Malaysia from truly realising its potential.

In his first exclusive interview after his appointment as the president of Malaysian Photovoltaic Industry Association, Davis Chong urges the government to liberalise the solar power industry.

Chong calls for the removal of quota for the generation of solar power, pointing out that the existing quotas are "too small for the market demand."

"For example, the Net Offset Virtual Aggregation (NOVA) programme under the existing Net Energy Metering (NEM) programme has a quota of 300MW for the commercial sector for the period of April 2021 to December 2023.

"But the quota has been almost entirely taken up in three months, with only 0.03MW left by June 30. This shows that the market wants more.

"If the regulator still thinks that a quota is necessary, we would suggest that a quota of 3,000MW is allocated until 2025," says Chong, who is also the chief executive officer of Solarvest Holdings Bhd.

He adds that the government needs to provide clarity on the size of quota allocations up to 2025, in advance, instead of topping up the quotas upon expiry.

This is considering that most of the government policies for RE are up to the year 2025 as the immediate target.

"At least the industry players across the supply chain know where we are heading and we can plan ahead. With such information, project owners can decide on whether there is a need to split the project into a few phases.

"Other industry stakeholders can also plan

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on better managing their resources, company expansion and others. If there is no clarity about whether the quotas would be topped up, it is difficult to plan," he adds.

Chong also highlighted that the NOVA programme under the third NEM scheme only allows a maximum of 1MW of installed capacity per applicant.

"In the past, we did not have such limitations. This is unnecessary, considering the kind of demand we see from the market," he says.

Looking ahead, Chong also raised concerns about the solar power industry post-2025.

Referring to the Report on Peninsular Malaysia Generation Development Plan 2020 (2021-2039), he says the country's RE pursuit seems to be "slowing down" from 2026 to 2039.

"From the report, it appears that the RE programme would slow down post-2025 and very little new capacity would be added compared to what is happening now," according to him.

Chong strongly believes that the current momentum could be sustained, moving forward, if the programmes are continued and new initiatives are introduced for greater solar power adoption.

Other than continuing the NEM and Large Scale Solar (LSS) programmes, Chong says that the self-consumption or selco programme should be continued "freely and unregulated."

Selco is a programme whereby electricity is being generated for individual, commercial and industrial consumers' own usage and any excess is not allowed to be exported to the grid.

"It seems that this capacity (selco) is also being controlled. While we want it to be unregulated, there will still be a need to do technical studies by project owners before implementation.

"Our solar power programmes have yet to achieve the full potential," Chong says.

Chong also suggested for an off-site third-party access policy to be introduced in Malaysia, pointing out there is an increasingly high demand from businesses, especially those with high energy consumption.

By having such a policy in place, a solar power plant in the outskirts would be able to directly supply the electricity generated to companies, which are located at a distant place.

The electricity would be supplied through the grid system operated by Tenaga Nasional Bhd (TNB).

Chong points out that TNB can charge the power producers for every kilowatt of electricity that passes through the grid.

"We have the financials to carry out the third-party access model, we have investors who are willing to invest and we have off-takers or companies that want to buy the power generated, but we just don't have the policy to do that," he says.

Moving forward, Chong says the government could consider introducing a spot market for electricity in Malaysia, taking reference from the existing models in the Philippines, Australia and the United States.

In Australia, for example, the National Electricity Market (NEM) is a "spot market", or "pool", in which power supply and demand are matched in real-time through a centrally coordinated dispatch process that is managed by the Australian Energy Market Operator.

Power generators sell electricity to the pool, and retailers buy electricity from the pool to on-sell to consumers.

Through such a spot market in Malaysia, it would increase the vibrancy of the RE market, given the high demand from end-users.

Chong highlighted the importance of hav-

ing a comprehensive and well-thought solar energy policy to attract foreign direct investments and boost the country's "green gross domestic product or GDP."

"The continued growth of RE capacity would provide the opportunity for other industries to invest in Malaysia. Some international companies such as Coca-Cola, Amazon, Facebook and Microsoft are demanding for direct RE supply to be available for their premises.

"We see a huge demand from the RE100 companies, and if we have a good solar energy policy, this would pave the way for these companies to set up their operations in Malaysia."

RE100 is a global initiative bringing together the world's most influential businesses driving the transition to 100% renewable electricity.

Among the big names that are part of the RE100 initiative are Adobe, Apple, Google, Facebook and 3M.

In driving the solar power industry forward, Chong hopes that the policy direction from the Energy and Natural Resources Ministry would be more aligned with the Energy Commission (EC), the Sustainable Energy Development Authority (Seda) and TNB.

"The industry has had a number of issues due to the lack of alignment, especially on technical matters.

"Sometimes, solar power producers could not get the approval from the EC due to technical issues, even though TNB and Seda have already approved.

"Because of this, many solar power projects are sitting idle for more than six months despite completing the installations," he says.

Chong also hopes that there would be a greater engagement between the government and the industry stakeholders in formulating RE policies in the future.

"We still have a very regulatory mindset in setting policies. A lot of the time, the industry stakeholders across the supply chain do not have the chance to put in our ideas and feedback before setting up the policy.

"We hope the government will listen more to the people who are in the industry, including the end-users such as the businesses and individuals. Such inputs will give the government good data to decide what is best for the next policy," he says.