

Headline	'Reimagining TNB' for the future of Malaysia's energy industry		
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'Reimagining TNB' for the future of Malaysia's energy industry

Strategic plan in place to enhance business strategy and practices towards sustainable development

The energy industry is experiencing perhaps its most rapid pace of innovation ever, and Tenaga Nasional Bhd (TNB) is optimising this opportunity to shape the future of the sector. It has embarked on a strategic plan from 2017 to 2025 to enhance its business strategy and practices towards sustainable development across the value chain — as in generation, transmission and distribution.

Understandably, this shift has been driven in part by technology disruptions, economic shifts, evolving sustainability and regulatory requirements as well as increasing customer expectations.

TNB is capitalising on the impact of these disruptions to unlock new growth areas through "Reimagining TNB" as these trends compel the electricity supply industry to be more competitive.

The utility giant is anchored on maintaining its growth trajectory to emerge as one of the world's top 10 utilities by 2025, fuelled by four pillars: future generation sources, grid of the future, winning over customers and future-proof regulations.

Future generation sources

"With our existence reaching 69 years this month, our journey as an electric utility provider extends beyond supplying sufficient and reliable power to our 8.8 million customers," TNB president and CEO Datuk Seri Ir Azman Mohd tells *The Edge*.

"Efforts are being made to expand our footprint at home and regionally. Additionally, technology adoption and productivity increment are being hastened to improve customer experience and increase operational efficiencies."

Under its future generation sources pil-

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lar, Azman says TNB is committed to the development of renewable energy (RE) in Malaysia and Asean to penetrate international markets by balancing its conventional and renewable asset acquisitions.

“RE as a source of energy is a vital component of value creation for TNB — with our goal of being the Asean leader for RE. As a key component of our long-term strategy, we will continue to invest in RE capacity going forward, both locally and abroad,” he says.

“Our focus will be on investing and bidding for projects, particularly in solar and wind projects.

In Malaysia, TNB aspires to deliver most of the country’s RE by investing in solar, wind, biomass, biogas and mini-hydro projects.

“We have the knowledge and experience from various community grid solar projects, biogas power plants and mini hydropower projects,” Azman explains.

For instance, TNB has co-developed two biogas power plants in Layang-Layang, Johor and Bagan Datuk, Perak, with Sime Darby Bhd.

Both plants have an installed capacity of 1.6 megawatts (MW) each and are distributing power directly to the national grid.

Azman, who is also the president of the Association of the Electricity Supply Industry of East Asia and Western Pacific (AESIEAP) 2017/2018, says TNB is constructing Malaysia’s first large scale solar (LSS) project in Kuala Langat, Selangor, as the group cements its RE ambition in Malaysia.

He says this project will generate and transmit 50MW of electricity to the national grid upon completion with full operations scheduled for November.

“Construction of our second LSS 29MW plant in Kuala Muda, Kedah, is expected to commence in 2019,” Azman adds.

AESIEAP is an electric power-related association in East Asia and the Western Pacific with 97 member organizations from 23 countries. It is engaged in the exchange of technology and expertise and fostering cooperation in order to develop the power industry.

Last year, TNB acquired a 50% stake in Vortex Solar Investments Sarl, which has an operational 365MW solar photovoltaic (PV) portfolio in the UK through Vortex Solar UK Ltd.

“We have also made two acquisitions that gives us a foothold in the attractive energy market in Turkey and India,” Azman says. In 2016, TNB made two acquisitions with 30% shareholding in Turkish power company GAMA Enerji AS and bought another 30% interest in Indian power company GMR Energy Ltd.

Grid of the future

Azman says currently TNB has about 22,000km of grid network; the utility giant plans to improve its system minutes further by putting in place protection systems for its transmission grid via automation and analytics.

Its system minutes has consistently registered below the two-minute mark since 2009, he adds.

TNB’s grid (transmission) business has consistently met its targets on system minutes and system availability as a result of various initiatives which includes:

- * Replacement of ageing and defective asset components
- * Physical assessment on operational assets
- * Preventive maintenance of assets
- * Adoption of new technologies

“We will improve grid project delivery through the utilisation of Integrated Building System (IBS). We will also deploy greater

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usage of analytics, a geospatial information system and unmanned aerial vehicles, and adopt mobility solutions to improve our grid assets management practices,” says Azman.

At the same time, TNB is planning to deploy an additional 1.2 million smart meters in the Klang Valley — having installed the smart meter or advanced metering infrastructure in the homes of 340,000 customers in Melaka this year.

These ongoing digitisation and automation moves will improve the performance, reliability and efficiency of TNB’s grid network, says Azman.

“All these are driven by the aspiration to grow our grid network into one of the smartest, most automated and digitally enabled.

“Eventually, the transformation of our grid will bring about a new customer experience and offerings in which innovations are embedded into our grid,” Azman adds.

Winning over customers

Azman says TNB is shifting towards a value-centric approach to understand customers needs as the next phase of growth.

“We have started products and services such as clean power generation, smart home technology and improvement in energy efficiency as well as energy-saving solutions.”

Further, TNB’s contact centres will be upgraded as part of measures to better serve customers remotely.

“We are strengthening our workforce capabilities by equipping ourselves with digital talent and data scientists to keep up with the increasingly complex customer needs,” Azman adds.

Future proof regulations

TNB is expecting the regulatory environment to shift in tandem with the changing industry landscape.

“We endeavour to continue to work closely with our regulators to ensure continued growth of the energy industry in tandem with ensuring the sustainability of our business,” Azman says.

However, he opines that the incentive based regulation (IBR), which is now in its

Efforts are being galvanised towards expanding our footprint at home and regionally.”

— Datuk Seri Ir Azman Mohd

Malaysian electricity supply industry and increased transparency.

“This has enabled TNB to operate more efficiently and offer competitively priced electricity tariffs to our customers,” Azman says.

Interestingly, experts from Conference of the Electric Power Supply Industry (CEPSI) will be sharing their insights at the CEPSI 2018, to be held from Sept 17 to Sept 21, to reinvent the utility industry, which is facing severe pressure.

Themed “Reimagining Utility of the Fu-

second regulatory period, is a step forward in the government’s efforts to liberalise the power industry.

Since its introduction in 2014, the IBR and imbalance cost pass-through mechanism have contributed to greater stability in the ture” the five-day conference is hosted by TNB on behalf of AESIEAP.

“The theme underpins the current reality of how the electricity supply industry is transforming in response to acceleration of technology disruptions, economic shifts, evolving sustainability and regulatory requirements and increasing customer expectations,” says Azman.

The discussion topics are sustainability, energy trilemma, emerging megatrends, disruptive technologies, digitalisation and smarter future, of which the utility leaders, electricity supply and energy industry experts are able to share their thoughts on current issues impacting the industry, as well as the related challenges and solutions. E

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