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Malaysia awards 1,228MW projects

Solar power contracts handed out through auctions

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KUCHING: Malaysia has awarded large scale solar (LSS) projects with a total capacity of 1,228MW under an auctioning programme.

There have been 66 successful bidders for the projects since the auction exercise was introduced two years ago, said acting Deputy Energy, Green Technology and Water Minister Datuk Seri Devamany S. Krishnasamy.

"These LSS projects are expected to reach commercial operation between 2018-2020," he said at the opening ceremony of the 4th International Sustainable Energy Summit 2018 here yesterday.

Some 800 participants attended the two-day event on the theme "Sustainable Energy: The Future is Here." It was jointly organised by the Sustainable Energy Development Authority (Seda) and the Sarawak Utilities Authority and co-hosted by the Energy, Green Technology and Water Ministry and the Sarawak government.

Devamany said the auction exercise had demonstrated a healthy price decline and that in some bids, solar had reached grid parity with gas-fired power plants.

"In some countries, solar has even gone beyond grid parity with coal-fired power plants but this will call for increasing need for energy storage solutions," he said.

He added that the global energy storage solutions market has been gaining momentum over the past few years and it was projected that by 2020, China would be the world's largest producer of lithium ion battery at 62%, followed by US 22% and South Korea 13%. The energy storage solutions are said to be one of the key enablers to scale up variable renewable energies such as solar photovoltaic (PV) and wind, he said.

Devamany said Malaysia had been acknowledged globally as a pioneering driving force behind the green sukuk to finance the construction of LSS projects, the first RM250mil green SRI sukuk is used to finance a LSS project in Sabah.

Following that, Malaysia launched the world's largest green SRI sukuk up to RM1bil to fund the construction of Southeast Asia's largest LSS projects in Kedah, Malacca and Terengganu.

On feed-in-tariff (FIT) applications, Devamany said as of January this year, Seda had approved projects with estimated

investment of RM11.2bil and job creation of 27,000.

He said a cumulative total of 12,190 FIT applications had been approved with total renewable energy capacity of 1,636MW, of which 534MW had achieved commercial operation.

Commenting on Seda's net energy metering (NEM) scheme, Devamany said 154 applications with a total capacity of merely 8MW had been approved against the allocation of 100MW per year from 2016 to 2020 or 500MW over five years.

He attributed the low take-up rate mainly to the low return of investment as excess solar is sold to the distribution licensee at displaced costs, which did not contribute significantly to the return of investment of these solar PV.

He said the ministry was looking into ways to resolve the issue, and if possible, to apply the principle of National Blue Ocean Strategies.

"In the course of exploring for solutions, we noted that in some countries, energy trading among prosumers are trending.

"Energy trading allows producers of solar electricity to sell their excess electricity to a

common pool in the energy trading platform and other electricity consumers can purchase from this common pool."

He said as energy trading allowed producers to sell electricity at a rate higher than the displaced cost of conventional electricity and yet competitive with the retail electricity rate, this helped to improve the investment for solar PV systems.

"Additionally, the energy trading platform democratises electricity so prosumers can take part in producing and trading of clean energy.

"The grid operator is not disadvantaged in any way as a grid fee will be imposed on the traded electricity to ensure the maintenance of the grid is equitability borne by the electricity consumers."

Devamany said Seda was responsible to implement the MySuria programme, targeting to install 1,620 of the B40 (bottom 40% of income earners) homes with 3 kilowatts of solar PV system by this year.

He said his ministry was expected to complete by next year the proposed Renewable Energy Transition Roadmap 2050 as a successor to the incumbent National Renewable Energy Policy and Action Plan.