



12 APR, 2024

## Enabling wider uptake of green electricity

The Star, Malaysia



Page 1 of 2

# Enabling wider uptake of green electricity

CURRENTLY, the easiest way for Malaysian consumers to procure green electricity (GE) with the intention of reducing their carbon footprint is through Tenaga Nasional Berhad's (TNB) Green Electricity Tariff (GET) programme.

Launched in 2021, GET is a subscription-based programme that allows TNB customers to power their homes or businesses with electricity generated from renewable energy resources without having to install their own solar rooftop or other renewable energy installations.

Currently, GE is sold in 100kwh and 1,000kwh blocks for domestic and industrial consumers respectively. Subscribers receive a certificate confirming that their power supply is from renewable resources through the Malaysia Renewable Energy Certificates (mRECS).

The Energy Transition and Water Transformation Ministry (Petra) recently announced a new tiered pricing mechanism with lower rates and a quota of 6,600 gigawatt-hours (GWh) from May this year.

Under the new mechanism, large commercial and industrial energy users are allowed to buy GE at 20 sen/kWh while domestic consumers and those connected to the low-voltage network can acquire GE at 10 sen/kWh. This is a sharp reduction from the single rate of 21.8 sen/kWh in 2023.

Petra also clarified that the portion of electricity demand covered under a consumer's GET



subscription will be shielded from the imbalance cost pass-through (IPCT) charges, an adjustment tariff that TNB uses to reflect changes in the cost of electricity generation, specifically fuel costs.

This reassurance effectively means that consumers can reduce their exposure to fossil fuel price fluctuations through the procurement of GE.

To put this in perspective, IPCT tariffs for the first half of 2024 are 10 sen/kWh and 3.7 sen/kWh for domestic users consuming >1,500 kWh/month of electricity and SME customers respectively. Large commercial and industrial customers are currently exposed to an ICPT surcharge of 17 sen/kWh.

So, when factoring in the ICPT saving, the actual additional cost of acquiring GET could be signifi-

cantly lower than its surface price, especially for high-energy consuming households and commercial and industrial customers with high exposure to ICPT.

However, this message is currently not sufficiently communicated to the public, especially domestic customers. Greater effort from TNB to emphasise the potential savings from ICPT to the relevant groups could enable consumers to make more informed decisions on their GET subscription and encourage greater uptake of GE in Malaysia.

And while the tier-pricing mechanism and lower tariffs are great moves in making GE more affordable, they could undervalue consumers' willingness to pay for it, especially RE100 MNCs (companies that have made a commitment to go "100% renewable"). This could result in not

fully realising the benefits that demand for GE can have in boosting Malaysia's energy transition, especially since Petra has reiterated that the funds collected from the GE tariff implementation will be used to support efforts to further the deployment of renewables, including funding the recently announced Solar for Rakyat Incentive Scheme.

To this end, enhancing the GET programme by creating an auction market where consumers can place bids based on their willingness to pay, with the previously mentioned prices as a reference floor price, can achieve a better balance between the affordability of GE to consumers with smaller financial capabilities and capturing the higher willingness to pay for it by RE100 MNCs.

To ensure equitable access, it is important to ring-fence a portion of GE to domestic consumers and SMEs.

This market-based approach will also allow TNB and renewable generation investors to obtain a better understanding of the market's willingness to pay for GE and adjust future reference floor prices to better reflect market sentiments.

But all in all, the recent revision of the GET programme is a step in the right direction.

**EVAN NG CHEE YANG**  
 Oxford, England

*(The writer holds an MSc in Energy Systems from the University of Oxford.)*