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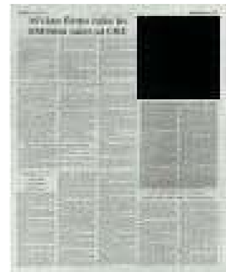

A statue of the CIIE's mascot is placed in front of a building hanging advertisement of Bank of China, at the venue for the expo in Shanghai, China.

RE, energy mix TNB's way to tackle escalating cost

KUALA LUMPUR: The Energy, Science, Technology, Environment and Climate Change Ministry is targeting to grow renewable energy's (RE) proportion of generation mix from the current two per cent to 20 per cent by 2025-2030.

This bodes well with the electricity supply industry (ESI), now grappling with the escalating global coal price. Eventually, this new target might allow for more stable tariffs in the future, analysts said.

Fifty-three per cent of Malaysia's electricity comes from coal, 42 per cent from natural gas and the remainder from hydro and RE. Coal price is currently hovering above US$100 per tonne, up by more than 100 per cent after reaching a 10 year-low in 2016 when it fell below US$50 per tonne.

The price increase since last July has thrown a spanner in the ESI's generation costs as coal is 100 per cent imported.

Over 60 per cent of the coal is purchased from Indonesia, and the rest from Australia, South Africa and Russia.

"Coal demand in the next two years is expected to remain stable at around current levels," said Hans van Cleef, Senior Energy Economist at ABN Amro.

"Although headlines in the newspapers may suggest that coal demand will peak soon, in reality, demand will remain solid in the coming years," he added.

To prepare for such scenario, the industry has taken steps to achieve greater efficiency in power generation through coal power plants.

All new coal-fired power plants now use ultra-supercritical (USC) technology that burns less coal for more power, while complying with emission standards. – Bernama