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TNB investing in smarter grid for Malaysia

The smarter grid involves continued investment in digitisation and automation of the national power grid to improve performance and reliability

by NG MIN SHEN

AS DEMAND for power continues to rise, Tenaga Nasional Bhd (TNB) is ramping up its efforts to meet consumer needs while leveraging on digital and technological advancements to maximise the efficiency and reliability of the country's national power grid.

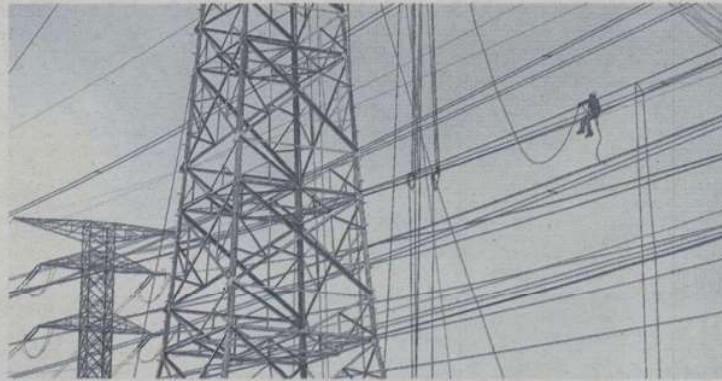
The electric utility company's ambition to become one of the top 10 utility players globally by 2025 is centred around four key pillars of value.

One of these is the "Grid of the Future", which involves continued investment in digitisation and automation of the national power grid in order to improve performance and reliability.

In its annual report for the four-month period ended Dec 31, 2017, TNB said it had secured an RM18.8 billion capital allocation under the second Regulatory Period (RP2), which runs from 2018 to 2020) for investment in its transmission and distribution grid.

"Of this amount, RM2.7 billion will be invested into 'Grid of the Future' technologies that help improve the grid's reliability and efficiency, such as our scheduled deployment of 340,000 smart meters in Melaka and subsequent deployment of an additional 1.2 million smart meters in the Klang Valley," it said.

TNB's grid strategy is mainly



Further advancements in network reliability and efficiency is of great importance, given that domestic demand for power and utilities is expected to improve in 2018 as a result of improved macroeconomic conditions

underpinned by aspirations to grow the national grid to become one of the smartest, automated and digitally enabled grids; to ensure maximum efficiency and reliability of the grid; and to transform customer experience and offerings through embedding innovations into the grid.

The "Grid of the Future" technologies, which include advanced metering infrastructure (AMI) and grid automation, are expected to contribute to further advancements in network reliability and efficiency.

This is of great importance, given that domestic demand for power and utilities is expected to improve in 2018 as a result of improved macroeconomic conditions.

Electricity demand growth was moderate at 1% in TNB's financial year ended Aug 31, 2017, in line with

expectations as Malaysia was gradually moving out from being a wholly-industrialised nation.

According to the Energy Commission, electricity demand growth has been declining due to structural changes in the economy and increases in the electricity tariff.

However, with a stronger ringgit, stable oil prices and significant increases in the country's manufacturing and trade numbers, analysts are expecting a brighter future for electricity demand.

Growth in public transport infrastructure is also seen as a key proponent in propelling demand for power and utilities, with key ongoing and upcoming projects such as the Light Rail Transit Line 3 and the Mass Rapid Transit Line 2.

Apart from targeting to complete the

first stage of AMI rollout under RP2, the utility firm also intends to expand the use of mobility solutions, with plans to begin peninsular-wide deployment of mobility solutions for its linear asset management by the third quarter of this year (3Q18) after the successful completion of the trial period.

The company is also looking to commence additional trials for the usage of mobility solutions for its construction management, substation management, low voltage operations and repairs within 2Q18.

TNB CFO Datuk Fazlur Rahman Zainuddin said in December last year that the firm expected to fork out up to RM10.5 billion in capital expenditure (capex) this year.

Of the total, about RM6 billion to RM7 billion would be recurring capex, while RM3.5 billion would be

allocated for annual expenditure.

With regard to building the "Grid of the Future", he said this would make the group's electricity systems ready for customers to generate their own electricity through solar photovoltaic plants and sell the surplus to the grid.

"In addition, the 'Grid of the Future' will enable higher productivity and system performance with better experience, while offering more value to our customers," he said.

This pillar will also drive TNB's role in the Nationwide Fibreisation Plan (NFP) 2017-2019 as the company owns one of the most extensive high-speed fibre-optic networks in the country, available in transmission lines and substations.

The NFP is Malaysia's national broadband agenda, aimed at expanding the availability and improving the affordability of broadband services.

In line with the government's announcement in Budget 2017, it intends to double broadband speeds at lower prices by 2019.

Under the three-tier model to be established for the NFP, the first tier involves the use of TNB's fibre-trunk network for wholesale backhaul services.

Last mile access will be offered by the second-tier wholesale service provider(s), while the third-tier providers will comprise existing telecommunication companies offering retail services to consumers and businesses.

Power security is critical to the development of Malaysia. It transcends beyond the generation. Equally if not more important of building a grid system which will ensure uninterrupted supply to every nook and cranny of the nation.