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**KUALA LUMPUR:** Tenaga Nasional Bhd (TNB) should continue to diversify its gas and coal sources in order to sustain its cash flow amid the sharp rise in fuel and other electricity generation costs, said analysts.

TNB also needs to focus on renewable energy sources such as solar, hydro and biofuel over the long run, said Putra Business School economic analyst Dr Ahmed Razman Abdul Latif.

"I believe TNB has already made efforts to invest in new renewable energy particularly the new growth opportunities.

"This is evident in its strategic plan for the next 30 years where its 2025 target is to build scale in renewable generation and improve thermal plant efficiency and eventually to achieve net zero carbon and coal free by 2050," he told Bernama.

He said at the moment, TNB has been acquiring a few renewable energy companies and has started to focus on green hydrogen, on top of producing solar and hydro-based energy.

He said this was a good strategy but it needs more time to start producing a bigger impact as TNB

requires time to replace existing coal and gas producing plants which need high capital expenditure.

Concurring with him, Malaysia University of Science and Technology (MUST) provost for research and innovation Professor Geoffrey Williams said TNB has a clear renewable strategy but it is very slow due to technology availability and costs.

"It is likely that dependence on coal and gas will remain around 70% even over a 20-year horizon.

"TNB can and is investing in possible supply opportunities for the

30% balance but we can see that even if this rises, it will still be a minority of the business," he added.

He said that apart from investment in alternatives to gas and coal supply, TNB could focus on the demand side to use smart metering and data analytics to understand demand more accurately and improve the supply and cost profile to help maximise profit and reduce waste.

"This can be done both with business and household demand. It is really a question of improving productivity and efficiency to help maximise profits," he said. - Bernama