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Electrification of commercial vehicles 1st step to greater EV adoption

The transportation sector makes up about 42% of total energy consumption in the country, but less than 1% of that energy is sourced from electricity

by MARK RAO

THE electrification of commercial vehicles could prove the building block to facilitate greater electric vehicle (EV) adoption in Malaysia, while providing massive upside potential for Tenaga Nasional Bhd (TNB).

Its chief strategy and regulatory officer Datuk Fazlur Rahman Zainuddin said the transportation sector makes up approximately 42% of total energy consumption in the country, but less than 1% of that energy is sourced from electricity.

He said there is "huge upside" in the transportation space for electrification. "When you start to look at the opportunities within each of the sectors, and look at the rate of the electrification and compare it to that of some developed nations, we can see that there is a huge opportunity for electrification (in terms of transportation)," he said at the World Economic Forum last week.

The forum, held in Kuala Lumpur, centred on the need for a sustainable and energy-efficient future for Malaysia and the world at large.

As Malaysia's national and largest utility provider, TNB is tasked with aiding the transition into this new



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chapter for the country. But while EVs are an opportunity to facilitate this transition, there are significant hurdles facing the country.

"At this point, the population of EVs is not enough to really substantially address the energy transition," Fazlur Rahman said.

He said the higher cost of EVs compared to vehicles using internal combustion engines, the availability of charging infrastructure and time required to charge an EV, are among the obstacles preventing EV take-up in Malaysia.

Under the National Electric Mobility Blueprint, Malaysia targets to

ready 125,000 EV charging stations by 2030. This is against the approximately 400 stations available in September last year.

The electrification of commercial vehicles, covering public transportation and logistics, could prove the first step to greater EV adoption.

"When you talk about the cost of EV, rather than looking at it from the upfront cost or the first capital cost, we need to look at it from the total cost of ownership," Fazlur Rahman said.

"EVs start to make sense when you start to talk about its operating cost compared to conventional vehicles,"

he said, adding that the total cost of ownership of an EV is substantially lower than conventional vehicles due to lower funding, energy and maintenance expenses.

Taxis, buses and lorries, which operate round-the-clock, are among the beneficiaries of going electric. The older vehicles are also among the main contributor to pollution.

Achieving this transition, however, requires a concerted effort among all relevant industries and agencies as well as a cross-functional and cross-economic approach, he added.

For national oil and gas (O&G)

company, Petrolia Nasional Bhd (Petronas), the approach to new energy will be measured as it does not foresee fossil fuels being immensely displaced over the next 20 years.

"As a commercial entity today, we are still strong advocates for gas for the reason that nothing in the data that we see shows that gas, or fossil fuels for that matter, will be hugely displaced in at least a 20-year horizon," its president and group CEO Tan Sri Wan Zulkiflee Wan Ariffin said at the same forum.

He said that the financial returns from an investment in renewable or new energy is typically lower than conventional O&G, and that "being ahead of the curve" in this space will compromise Petronas' financial returns.

Wan Zulkiflee said the five million EVs in the global market today displaced 50,000 barrels of crude oil production compared to the total production of approximately 100 million barrels of oil per day worldwide.

While Fazlur Rahman agrees that the EV market is currently not at a desirable scale, the transition into efficient and sustainable energy usage will be a catalyst for Malaysia to move towards a higher-technology, -skill and -value economy.

He said EVs convert about 60% of the energy consumed into power at the wheels compared to only 20% for internal combustion engines.

Of the RM117.4 million spent by TNB on research and development activities last year, 16% went towards renewable energy and environment.