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# EDITOR'S NOTE

**“ We at Tenaga Link are equally excited about the year ahead and have already embarked on a journey that will see us addressing various topics ”**



Greetings and Salam Satu Malaysia to all Tenaga Link readers! Yes, the new year has once again come upon us and it has certainly spawned new hope for a bright and rewarding 2012.

We at Tenaga Link are equally excited about the year ahead and have already embarked on a journey that will see us addressing various topics within and outside the parameters of energy.

This issue promises a comprehensive insight into the way in which TNB aims to negotiate moving currents of change in both consumer expectations and international concerns. We'll also have a chat with TNB's recently appointed VP of Distribution Division, Datuk Ir. Baharin Din who lends an interesting perspective in how consumer demands are relative to technology and its application in our day to day lives. And if you're wondering how we are faring in the bid to conserve our environment and actively reduce carbon emissions, Ir. Ali Askar Sher Mohamad, COO of Sustainable Energy Development Authority Malaysia (SEDA) sheds some light that will put an end to the speculation surrounding the introduction of renewable energy into the country and it's corresponding Feed-In Tariff mechanism.

All in all, we've compiled a magnificent set of articles that will not only enlighten but also render a human touch to what is being done out there - behind the scenes. In future segments, we'll also venture as far as to explore the deepest depths of suburban living with the likes of elephants in their natural habitats and rare fish worth hundreds of ringgit when our unsung heroes debut with stories of their very own experiences.

So stay with us and keep the spirits up for a great year ahead. ■



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# Moving On Track Towards Customer Demands

From the onset, the newly appointed TNB Vice President for Distribution Division, Datuk Ir. Baharin Din, is refreshingly approachable and welcoming. Poised and composed, he has the ability to elaborate on complex issues with simple day-to-day examples. However, his crisp and off-the-cuff responses reveal the firmness of an individual who is determined in making a difference.

Stemming from the grassroots in LLN, Datuk Ir. Baharin, who grew up in Kuala Lumpur is quick to praise the basic values that were ingrained in him since childhood. According to him, these values have been a guiding light throughout the years, "I come from a working class family where values are important. To me good values, like determination, dignity and respect are important for success. What you see of me now is a reflection of my past exposure. I am passionate about instilling proper values wherever I go."

He illustrates his point by drawing on his last appointment as Managing Director for Sabah Electricity Sdn. Bhd, "In the earlier days, LLN was regarded as the singular company with all the trimmings of a multinational conglomerate. It held the prestige and distinction like non-other in the country. Being an employee was as an honour not to be mistaken." He explains, "LLN's reach was extensive, even then. We needed to be in close touch with all our branches. When necessary, we "zeroed-in" on areas where motivation and attention was needed." Hence was his key objective for the last five years at Sabah Electricity Sdn. Bhd. which he regards as a swift move by management to re-kindle the fire. "They were good (Sabah Electricity Sdn. Bhd.), but my job was to convince them that they could be better. My years there were fruitful," he says with open delight.







**“Mindsets will have to be altered in offering a new proposition of not just giving services but of being a provider of convenience”**

When questioned on TNB's current standing since its inception, Datuk Ir. Baharin is quick to expand on his understanding of current consumer expectations, “We have morphed from being a government entity to being a public listed company. Thus, we are not only expected to deliver electricity, but also remain proficient in delivering our services as an electricity provider.” He points out that, like it or not, consumers have evolved to expect more and demand more. Change will always be looming in various aspects of operations. “Mindsets will have to be altered in offering a new proposition of not just giving services but of being a provider of convenience,” he says with certainty.

His views on the adaptation of renewable energy and new technology are distinctive and render a realistic overview of what the common man understands.

He clarifies, “In pursuit of diversification with regard to energy resources, renewable energy remains as one of the prominent options. Although hydro power remains one of the largest contributor to electricity, other forms, such as solar, biomass and biogas are making significant inroads. However, it is the fact that renewable energy resources have not reached the stage in which they can be solely relied on as a primary contributor for electricity and power. Having said this, these alternative forms of renewable energy should be encouraged and pursued in the event that someday technology will make it not only suitable but commercially viable to engage on a greater scale.”



In the wake of global concerns, Governments around the world have made a more conscious effort to embrace the green energy initiative. Determined not to be left behind, Malaysia too has embarked aggressively to intensify efforts in the pursuit of renewable energy.

With regard to TNB's stand, he affirms, "TNB is conscious of its role in supporting the government's initiatives. In observing international best practices in policy for Renewable Energy, there appears increasing focus on 'caps' where the national RE target is to be based on funds' availability to avoid market 'over-heating.' He asserts, "When you speak to an engineer, he will say anything technical is possible; and to a certain extent, that's true. Technology is abundantly available, but cost is a factor which is directly dependent on volume. To get the acceptable price, you must have volume. Very much the economies of scale: Like cellular phones, it's totally a question of cost that will drive technology. Nevertheless, these alternative forms of renewable energy sources should be encouraged and continued."

He further commends the Malaysian Government in taking a noteworthy step in introducing the Feed-in Tariff (FiT) – a mechanism designed to entice investment in renewable energy technologies. Such steps will help bolster the current gap towards making ventures in renewable energy technologies more viable until such time when volume dictates costs. Determination is key, "As Governments around the world make a more conscious step to embrace the green initiative, Malaysia too has embarked aggressively to intensify efforts in the same pursuit."

As to what consumers can expect of TNB's upcoming plans, he is optimistic, "7.7 million consumers and each with their own needs may seem like a daunting task, but with the technology we have, this is an opportunity. We are able to segregate consumers to address their additional needs which are over and above the basics. It's very much like requesting for an itemized bill in your phone statement, or a different package from your TV service provider."

**"7.7 million consumers and each with their own needs may seem like a daunting task, but with the technology we have, this is an opportunity."**

An engineer by profession, his reverence for technology is clearly apparent when he accentuates technology's capacity to offer higher levels of service to TNB's customers.

"Today, technology has already provided us with remote meter reading facilities and compact sub-stations. These additions have revolutionised the way we do things and attributed considerable advantages, particularly in lowering costs and elevating efficiency. For example, for industrial and commercial sectors, familiarity and ability to understand their own load profiling will enable customers to manage the way they use electricity - allowing customers the options of managing their costs better. Even if these services are provided for a nominal fee, it totally makes business sense to industrial and commercial users. We regard ourselves as a partner to our customers where the goal is to constantly look for technology applications that will benefit the customers and cater to their convenience."



**“The terrain is getting tougher and we’ll have to be “on-the-ball” so to speak to remain successful. There is still room for improvement. And while the willingness to change is there, the question is how fast it can be done.”**

TNB’s performance in recent years has not gone without notice. Apart from being the recipient of numerous accolades and awards, the company’s ability to recover from unplanned outages and electricity interruptions at a record time of within 60 minutes puts it on-par with developed countries like the United Kingdom.

Datuk Ir. Baharin views such achievements with relativity, “ While 60 minutes is a great feat to most of us who have endured up to 300 minutes in the earlier years, it will still remain transparent to our children who are now accustomed to quicker responses. As time passes, the next generation will come to expect more and demand for more. And while it is fine to pat ourselves on the back for our success, preparation has to be at hand to address the future. The next generation will expect much more.”

TNB has managed to reduce its SAIDI (System Average Interruption Duration Index) tremendously by 10.71%, from 87.35 mins/customer/year to 78.90 mins/customer/year from 2010 to 2011. In the next three years, it intends to further improve its SAIDI by embarking on automated technology towards reducing restoration time. Its target is to achieve SAIDI 50 mins/customer/year by 2015. Between 2010 and 2011, the Distribution Division has spent RM220 million on CAPEX for the installation of the SCADA system which includes the establishment of a new master system. As for year 2011 and 2012, approximately RM51 million has been allocated for SCADA projects.





**“As the country matures, it is likely that less money will be spent on new supply development projects against system improvement and upgrading projects. With the advancement of new technology, this would be undertaken at a very much less cost to what it used to be.”**

In consideration of the future and how he foresees what TNB's direction will be, Datuk Ir. Baharin says, “As the country matures, it is likely that less money will be spent on new supply development projects against system improvement and upgrading projects. With the advancement of new technology, this would be undertaken at a very much less cost to what it used to be.”

With regard to the future, he remains poised, “Yes, we seem to be on track with meeting customer demands in terms of products and services. But the challenge would be to remain competitive. The terrain is getting tougher and we'll have to be “on-the-ball” so to speak to remain successful. There is still room for improvement. And while the willingness to change is there, the question is how fast it can be done.”■



## ARE WE THERE YET?

Everyone's talking about sustainability these days. Fair enough, it's the simple notion of ensuring we don't obliterate our surroundings and ourselves with our very own actions. But for years we've been hearing the same point echoed over and over again about preserving mother earth. Which brings us to the question of exactly how far are we in terms of ensuring future sustainability as a nation in reality? Are we doing something to pave the way for renewable energy (RE) and curb carbon emissions as a responsible nation committed to global concerns?

To get a better picture of where we stand, Tenaga Link took a trip to the heart of Putrajaya to meet with Ir. Ali Askar Sher Mohamad, Chief Operating Officer (COO) of Sustainable Energy Development Authority Malaysia (SEDA) to clear the air and be enlightened as to how well we are faring on a global scale.

Ali informs us, "SEDA is a statutory body formed under the Sustainable Energy Development Authority Act 2011. The key role of SEDA is to administer and manage the implementation of the Feed-in Tariff or FiT mechanism which is mandated under the Renewable Energy Act 2011. This is in-tandem with our Prime Minister's initiative to reduce carbon emissions by 40% by year 2020. SEDA will be tasked with ensuring the smooth flow of the introduction of renewable energy into the country. Our work encompasses administering, processing, monitoring, licensing, tracking funds and more."





**“SEDA is a statutory body formed under the Sustainable Energy Development Authority Act 2011. The key role of SEDA is to administer and manage the implementation of the Feed-in Tariff or FiT mechanism which is mandated under the Renewable Energy Act 2011.”**

From what we understand, the FiT system is a mechanism which in simple terms creates a fertile environment for the proliferation of renewable energy development, and its usage. SEDA sets the wheels in motion so to speak by enabling RE generators to sell energy from renewable resources at a specific rate to distribution licensees like TNB and Sabah Electricity Board. SEDA then ensures that funds are allotted to compensate distribution licensees for the present premium rates of purchasing RE.

He is quick to point out, “Unlike other countries that use fully manual systems or partially automated systems, at SEDA we have set the pace by going fully automated. From administration, processing, monitoring and approvals, everything is done online. It’s a rather complex system and we do even conduct training on how to use it. Efficiency is a key factor and SEDA is generally designed to be a lean organization with less than 100 staff even upon reaching full workforce capacity. Since commencement, we’ve been busy processing and reviewing applications for RE generators.”



**“We’re talking about creating approximately around 52, 000 jobs. And that’s high income drawing specialised professions. In fact, even within this short span, we’ve indentified the need for installers and technicians specifically for the RE industry.”**



Apart from licensing, ensuring quotas and generally monitoring RE's gradual introduction, SEDA's principal duty would be to ensure sufficient funds are available for a specific period to enable distribution licensees to purchase energy from RE generators. It stands to reason that, without the FiT system in place implementing RE at this juncture would not be totally viable due to the high costs involved in RE technology. The FiT System enables a fixed payment from distribution licensees to RE generators for every kilowatt hour (kWh) of renewable energy generated and guaranteed a minimum payment for every kWh exported to the grid.


Financed by the electricity consumers themselves who will contribute an additional one percent (1%) of their total electricity bills (Only in accounts that exceed 200 units of usage), the system has had its share of detractors. However a closer study will reveal that Malaysia is not the only country to implement such a scheme. A similar system has been set in Germany and other parts of the world with noteworthy success.

In essence, it's just a matter of technology meeting cost, “Solar prices are going down and costs involved in other RE resources are expected to decrease gradually too. However it's crucial for consumers to understand SEDA's involvement and duty. If you regard businesses that rely on high consumptions of energy, 1% can be a sizeable amount. As such, tariffs are to be reviewed annually. It can be even as frequently as every six months if the need arises. The FiT rates for all renewable resources - except for small hydropower - will decrease with time according to their respective annual digression rates.”

When asked as to whether any RE quotas are in place, he replies, “Our target is to achieve the RE capacity of 2000 MW by 2020, which is 11% of the maximum demand. Interestingly enough, at the end of 2011, we'd achieved only about 65MW. That's an indication of the type of progress we expect to make in the future.”







Moving forward, aside from its obvious implications to the surroundings, the FiT system also brings with it a host of other perks, “We’re talking about creating approximately around 52,000 jobs. And that’s high income drawing specialised professions. In fact, even within this short span, we’ve indentified the need for installers and technicians specifically for the RE industry. Steps are also underway to collaborate with local universities, labour organizations and educational institutions for more education and dissemination of information in lieu of today’s RE developments.”

Looking at it from a bigger picture, the FiT system in a way puts the future of our surroundings and the general environment back into our hands. It seems without it, advancements in RE would experience a sluggish growth, maybe even remain dormant for years until we’re totally left behind from the rest of the world. With a proven system that assumes collective responsibility, we’re ensured RE is given due reverence. It’s like wanting to see the light at the end of the tunnel but it has got to start somewhere. And FiT is the answer to lead us through that pathway. ■



## TNB WON NAFMA 2011 HIGHEST AWARD



KUALA LUMPUR - TNB was selected as the recipient for 'Excellence Award' in the National Award for Management Accounting (NAFMA) 2011 Ceremony in the category of public listed companies. The award reflects the highest achievement in NAFMA aimed to choose public listed or non-listed company which practises company accounting management at the most impressive level.

The award was given away by Datuk Wan Selamah Wan Sulaiman, The Accountant General of Malaysia. Also attending was representative of TNB Management, Adelina Iskandar, the Vice President (Corporate Affairs).

The previous winners for the same award were Telekom Malaysia Berhad (2007), Bank Kerjasama Rakyat Malaysia Berhad (2008), Alliance Bank Malaysia Berhad (2009) and Maxis Berhad (2010). Prior to this in 2007, TNB received 'Best Practise Award' for public listed companies category in the NafMA participation.

NAfMA is an annual award organised jointly by Malaysian Institute of Accountants (MIA) and Chartered Institute of Management Accountants (CIMA) to recognise the organisations which practice best accounting.



## TNB RECEIVED NACRA - CERTIFICATE OF MERIT

KUALA LUMPUR - TNB received Certificate of Merit in the participation of National Annual Corporate Report Awards (NACRA) 2011.

The award was given away by Dato' Sri Ismail Sabri Yaakob, the Minister of Domestic Trade and Consumer Affairs to Adelina Iskandar, the Vice President (Corporate Affairs) of TNB.

Also present were Norazni Mohd Isa the TNB Company Secretary, Samsul Ariffin Zainuddin, Head (Corporate Communication) of Corporate Affairs Division and several other TNB officers.

NACRA is jointly organised by three institutions the Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA) which encouraged



excellent corporate report. The award was given for recognition of high quality corporate report.

With the theme Towards Accountability and Excellence, NACRA gives priority to effective corporate business information and financial report for the publication of any corporate annual report.

## TNB WON AWARD OF DISTINCTION FOR MALAYSIAN CORPORATE GOVERNANCE INDEX 2011

The excellent performance of TNB was given recognition when they were honoured as one of the award winners for Distinction Award at Malaysian Corporate Governance (MCG) Index 2011 award ceremony held in Kuala Lumpur.

The award was given away by Dato' Jacob Dungau Sagan, The Deputy Minister, International Trade and Industry to Dato' Seri Che Khalib Mohamad Noh, The President and Chief Executive Officer of TNB.

The MCG Index 2011 Awards were given to honour companies which performed Corporate Governance at their best. The MCG index is implemented to give information and as guidelines for standard Corporate Governance aimed to increase the level of performance of Corporate Governance among Public Listed Companies (PLCs).



# HILTON KUALA LUMPUR



**Mr Daniel Welk**  
General Manager  
Hilton Kuala Lumpur

Towering 154 meters above street level with spectacular views of the Lake Gardens and city skyline, Hilton Kuala Lumpur delivers 5 star luxury in an unbeatable location. 28 minutes by high speed train from Kuala Lumpur International Airport (KLIA) with easy accessibility to the iconic Petronas Twin Towers, key shopping and entertainment districts.

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Hilton Kuala Lumpur is part of Hilton Worldwide, the leading global hospitality company, spanning the lodging sector from luxurious full-service hotels and resorts to extended-stay suites and mid-priced hotels.

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## Dining at Hilton Kuala Lumpur

Hilton Kuala Lumpur is Kuala Lumpur's culinary hub, with no less than ten stellar choices for dining, lounging, entertainment, drinks and conversations. A gourmet gathering of cuisines, styles, and talents from around the world. From master chefs to a Master of Wine.

At Boardwalk, dive into a great casual dining or relax with drinks in this cozy yet intimate venue. Caffè Cino is a cozy venue for a great coffee experience. Pastries, cakes and ice creams are available too. Authentic, innovative Cantonese delicacies mixed with a touch of Shanghai theatrics – all at Chynna. Chill out at Cosmo Lounge all day, all evening and well into the night.

At Iketeru, our Japanese chef deftly combines traditional elements of Japanese cuisine with the latest of Tokyo Nouveau. Load up your Sudu – "spoon" in Malay – where Malaysian dining meets the world. Ignite your Senses with modern Australian cuisine infused with the best of what Australia has to offer. The long, short, fat, thin and squiggly of Asian street-style noodles. Basking in broths and smothered in seductive sauces. Customize your noodle creation at The Noodle Room.

Vintage Bank – a vault of precious nectars in a stunning glass wall cellar with the finest collection of wines from around the world. Zeta Bar presents a new generation of quality live international bands and DJ entertainment to Malaysia with a blend of R&B, Latin vibes, neo-jazz and more.

## HILTON KUALA LUMPUR

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# OCBC Bank (Malaysia) Berhad

OCBC Bank has been operating in Malaysia for more than seven decades and is today one of the top five foreign banks in the country. It has a staff strength of over 3,500 employees and a network of 31 conventional banking branches and five Islamic ones, offering a range of specialist financial services that includes consumer, corporate, investment, premier and transaction banking, as well as global treasury services to meet the needs of its customers across communities.

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second-largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. It is also ranked by Bloomberg Markets as the world's strongest bank.

OCBC Bank and its subsidiaries offer a broad array of specialist financial services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of over 500 branches and representative offices in 15 countries and territories, including more than 400 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which has been ranked among the top three private banks in Singapore.

OCBC Bank offers Islamic banking products and services in Malaysia through its wholly-owned subsidiary, OCBC Al-Amin Bank Berhad.



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## RENAISSANCE KUALA LUMPUR HOTEL



**Mr Robert Frager**  
General Manager  
Renaissance Kuala Lumpur Hotel

A signature space for the discerning, the inspired Lifestyle rooms exude freshness into the 910-room luxurious rooms available in the East Wing and West Wing. Combined

with wireless interconnectivity in the trendy Business Lounge, a stay in Renaissance Kuala Lumpur Hotel is made more intriguing.

A gateway to exciting Kuala Lumpur, the monorail and light rail transit stations are nearby with attractions like Petronas Twin Towers, KL Tower, the Golden Triangle and other hubs easily accessible from this corner of the city.

Linking the two wings is the extensive Renaissance Convention Centre offering flexible solutions to your meeting needs with 24 multi-purpose function rooms inclusive of a magnificent Grand Ballroom, ideal for social or business needs.

The art of dining comes alive with buffet spreads at TEMPTationS, inspired international cuisine at Vogue Café, exotic Asian at Sagano Japanese Restaurant or Dynasty Restaurant for delightful Cantonese cooking. Transition to a relaxed mode at Gazebo Poolside, MEZZO Sportsbar or the Lobby Lounge. Enhanced facilities here include Mandara Spa, the Fitness Centre, an Olympic-sized swimming pool and tennis courts.

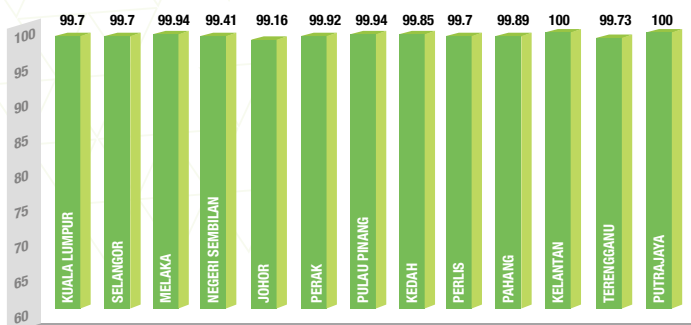
### Renaissance Kuala Lumpur Hotel

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## The Achievement of Remote Meter Reading (RMR) Based On States For Month of December 2011

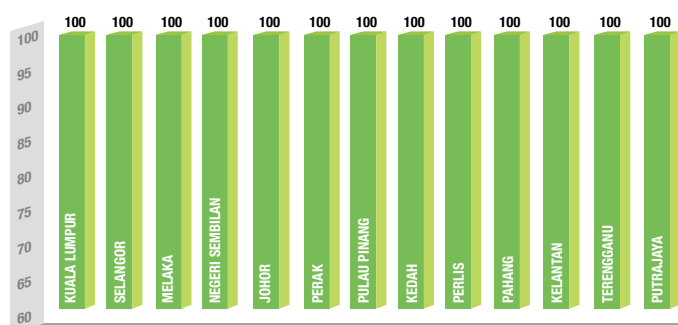
For billing through RMR process for the month of December 2011, a total of 39,530 accounts of low voltage Large Power Consumers (LV LPC) had received Format C (FC) that is a request for billing by RMR (request billing). From the total, 99.72% accounts had been billed successfully by RMR. This is the best achievement by the

Metering Services Department. Whereas for Large Power Consumers (LPCs) of medium and high voltage (HV/MV LPC), 100% billing achievement was achieved by using RMR from the overall 3382 accounts. The division of the billing achievement through RMR based on states can be found in the diagram below. It is hoped this achievement of RMR billing can be the model for the success of the new year 2012.



**Chart 1: % of Billing of RMR Large Power Consumers (LPCs) of Low Voltage (LV LPC) December 2011.**

Average RMR LV Billing 99.72 %



**Chart 2: % of Billing RMR Large Power Consumers (LPCs) of High and Medium Voltage (HV/MV LPC) December 2011**

Average RMR HV/MV Billing 100%





# FAQs ON FEED-IN TARIFF (FiT)

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## SECTION I – FAQs for General Public

### 1. Who will oversee the running of the FiT System?

The management and running of the FiT System will be carried out and overseen by the Sustainable Energy Development Authority Malaysia ("SEDA Malaysia"), a statutory body under the Ministry of Energy, Green Technology and Water, established under the Sustainable Energy Development Authority Act 2011.

### 2. Why is the task of implementing the FiT System not given to the Energy Commission? Why does the Government require a new agency?

The Energy Commission is the sole body regulating and promoting all matters relating to the electricity and gas supply industries in Malaysia. Given its sizeable portfolio, the Energy Commission would face a constraint in resources if it is expected to also discharge the full functions of a feed-in tariff implementing agency. This is the why SEDA Malaysia has been set up as an agency dedicated to serving as a one stop renewable energy centre.

### 3. What is the Feed-in Tariff (FiT)?

The FiT System is Malaysia's new mechanism under the Renewable Energy Policy and Action Plan and the Renewable Energy Act 2011 catalysing generation of renewable energy, up to 30 MW in size. This mechanism allows electricity produced from indigenous renewable resources to be sold to power utilities at a fixed premium price for a specific duration.

### 4. What do you mean by indigenous resources?

Indigenous means renewable resources sourced from within the country and are not imported from neighbouring countries.

### 5. How does the FiT System work?

The fundamental idea underlying feed-in tariffs is that distribution licensees pay renewable energy power generators a premium for clean energy that is generated. These generators sell their clean energy to distribution licensees for a fixed number of years. The exact duration will depend on the type of renewable resource used for power generation. The FiT System provides a fixed payment from distribution licensees for every kilowatt hour (kWh) of renewable energy generated and a guaranteed minimum payment for every kWh exported to the grid.

### 6. When will the FiT System be in place?

The FiT System has been in place beginning 1st December 2011.

### 7. Which renewable resources are eligible under the FiT?

**The following RE resources will be eligible for FiT:**

- Biogas (including landfill gas & sewage);
- Biomass (including solid waste);
- Small hydropower; and
- Solar photovoltaic

### 8. What is the status of grid-connected renewable energy in Malaysia currently?

As of September 2011, Malaysia has:

- 40 MW grid-connected power from biomass resources;
- 4.95 MW from biogas resources;
- 12.5 MW from small hydro resources;
- 5 MW from solid waste resources; and
- 2.5 MW from solar PV resources.

### 9. What about the use of solar thermal? Will it be eligible for feed-in tariffs?

No, there are no feed-in tariffs for electricity generated using solar thermal resources.

### 10. What about wind and geothermal? Will there be feed-in tariffs for these two energy sources?

No, there will be no feed-in tariffs for wind and geothermal when the FiT System commences in 2011 as the potential of such resources in Malaysia have yet to be determined or analysed. At present, the Ministry of Science, Technology and Innovation through SIRIM Berhad is still undertaking a study to identify the potential of wind as a renewable resource in the country while the Ministry of Natural Resources and Environment will soon be commissioning a study on the potential of power generation from geothermal resources in the state of Sabah. Results from the two studies will only be ready from 2012 onwards. As FiT is sourced from all consumers, funds collected are not meant for financing research and development of technologies but are to be used for proven technologies with established resource potential in the country.

**11. Is the FiT System applicable in Sarawak?**

No, the FiT System will not be applicable in Sarawak as it has its own legislation and regulations governing electricity supply. The FiT System however is applicable in all other states in Malaysia.

**12. How is the FiT System financed by the Government?**

The FiT System is not financed by the government. Instead it is financed by electricity consumers themselves who contribute one percent (1%) on top of their total electricity bill towards a Renewable Energy Fund. However, domestic consumers who consume 300 units of electricity or less each month will not have their tariffs raised to pay to the Renewable Energy Fund.

The collection will cease when the price of renewable energy electricity is the same as electricity generated from fossil fuel which is termed as grid parity. Based on our estimation, grid parity will be reached in 2031.

**13. Will the Renewable Energy Fund contribute to research and development in renewable energy?**

No, the fund will not be used for research and development in renewable energy. Renewable energy research and development is addressed under the National Renewable Energy Policy and Action Plan. The fourth Strategic Thrust of the National Renewable Energy Policy and Action Plan highlights the need to strengthen research and development in the renewable energy sector and the Ministry of Science, Technology and Innovation (MOSTI) will spear-head all efforts in this area with strong support from KeTTHA.

**14. Why has Malaysia chosen the FiT System? Are there any other countries that use the FiT System?**

Malaysia has chosen the FiT System because the feed-in tariffs introduced in other countries have proven to be effective and efficient in developing new markets for renewable energy. The concept of feed-in tariffs is simple and has low administrative costs making it a highly effective tool for boosting renewable energy.

As an example, Germany is the first country which successfully implemented feed-in tariffs. This was done through their Renewable Energy Sources Act 2000 and it is notable that in the first ten years of its implementation of feed-in tariffs, Germany has been able to increase their renewable energy capacity substantially making them the world leader in renewable energy with a renewable energy contribution of 16.1% to their total electricity consumption in 2009. This also created 300,000 green jobs. Furthermore,

Germany has not only developed the most dynamic solar PV electricity market but also a flourishing and robust PV industry as a result of feed-in tariffs and this is truly a remarkable feat for a country that is not one of the sunniest in the world.

Many other countries have also implemented feed-in tariffs. As of 2009, feed-in tariff policies have been enacted in many countries including Australia, Brazil, China, Greece, Iran, Israel, South Korea, South Africa, Taiwan, most countries in Europe and in some states in the United States of America. It is also gaining momentum in other countries such as India and Mongolia. In South East Asia, Thailand and Philippines have also implemented a feed-in tariff mechanism.

**15. Malaysians currently pay electricity bills based on a highly subsidized gas pricing. Is it possible to transfer a portion of the subsidy to finance renewable energy projects instead of introducing feed-in tariffs?**

It is not possible to transfer a portion of the subsidy to finance RE projects as gas is in actual fact not a direct subsidy by the government but what it means is that the use of gas for electricity generation is at a subsidized rate. This is forgone revenue for the government in terms of taxes as the gas, if sold at market prices, will provide a higher income for the country.

**16. What are the measures that will be taken to ensure funds allocated for the FiT System will be managed appropriately?**

The management of the fund will be under the supervision of dedicated financial experts appointed by the government. Other measures are also adopted to ensure transparency such the regular disclosure and publishing of financial reports on funding receipts, funding disbursements to feed-in approval holders and distribution licensees, administrative fees payable to distribution licensees and SEDA Malaysia. The accounts of SEDA Malaysia will be presented to Parliament as is required for all such authorities and will be subjected to Government Audit.

**17. Contribution to the Renewable Energy Fund: While the lower income households are exempted**



**from contributing, it appears that the industrial sector (making up 40% of distribution licensees' clientele) will be the largest contributor to the Renewable Energy Fund. Is the Government aware of this situation?**

The Government is aware that the largest contributor to the RE levy is from the industrial sector. For this reason, the impact is only 1% of the electricity tariff where impact to the industry's cost of manufacturing is minimal. Additionally, the industry may be motivated to offset the incremental electricity cost by applying energy efficiency measure in their factories and perhaps take the opportunity as well to generate RE under the FIT mechanism.

**18. How can the Malaysian Government prevent the distortion of energy prices with the implementation of feed-in tariffs?**

Currently, the energy price in Malaysia is already distorted due to the natural gas subsidy for power generation. Furthermore, the cost of electricity generation is not directly passed to consumers whereby the electricity tariff is still regulated.

In this respect, the feed-in tariff mechanism provides the opportunity to pass over the cost of RE electricity generation to consumers but at a very minimum value that has almost no impact to the electricity tariff. The design of the Malaysian feed-in tariff system takes into account the type of electricity that the RE electricity will displace, including the associated transmission and distribution costs. For example, electricity from solar energy will displace peak electricity from natural gas, while electricity from biomass will displace medium load from coal. Thus the RE tariff prices are designed to reflect the true cost of electricity generation, transmission and distribution that it will displace. Hence the argument of energy price distortion is invalid.

The feed-in tariff in Malaysia is designed with an objective to achieve grid parity once the subsidy for fossil fuel is removed and when all external costs of fossil fuel power generation are taken into consideration.

**19. Are electricity tariffs subject to change?**

Yes, electricity tariffs are subject to change and are periodically reviewed by the Government.

**20. From what I understand, the Renewable Energy Fund for feed-in tariffs is based on a "polluters pay concept" meaning high volume consumers will get preference over smaller consumers in terms of the allocation of capacity under the FIT system. Is this assumption correct?**

There are no preferential treatments for applications for feed-in approvals. There is no allocation based on the amount a person contributes to the Fund. The application for feed-in approvals is on a first-come-first-served basis.

**21. Why does Malaysia not introduce 'green certificates' like in some European countries where it has been found to be more successful? Is there any plan to establish a green certificate scheme?**

Malaysia has decided not to complicate the market at this point of time. There is no mechanism for green certificates except for CDM projects through CERs. The Ministry has carried out extensive studies on the various schemes to catalyse the development of renewable energy in Malaysia and the outcome is that the FIT System is most appropriate at this point of time.

**22. It is estimated that 50,000 renewable energy jobs will be created as a result of the implementation of the FIT System. What type of labour force will these renewable energy jobs constitute? Will they be high-value jobs or lower value labour force?**

The majority of the 50,000 renewable energy jobs estimated to be created will be high value ones that essentially provide professional services such as the design, supply and service of renewable energy installations.

**23. Am I still eligible for feed-in tariffs if I am a SURIA 1000 incentives recipient? Do I need to do anything or will my system migrate automatically into the FIT System?**

Yes, you will still be eligible for feed-in tariffs but migration is not automatic. You will need to apply for a feed-in approval and sign a REPPA with the distribution licensee. Please visit the webpage on How to Become a Feed-in Approval Holder for more information.

**24. Is TNB supportive of the FIT System?**

Yes, TNB is supportive of the Government's initiative. Distribution licensees like TNB are also legally bound under the Renewable Energy Act 2011 to not only purchase renewable energy but also prioritise such purchases over electricity generated using non-renewable resources.

**25. Is there a number I can call to find out more?**

Yes, you can call SEDA Malaysia at 03-8870 5800 and the TNB One Stop Engagement Centre (OSEC) at 1-300-88-5454.

*(To be continued)*





# Why do we care?

Because their future is as important as our present



At Tenaga Nasional Berhad, we always strive to provide power to the Nation through world-class facilities that meet international environmental standards. We take great care in our operations to ensure that our future generations can continue to enjoy a clean environment. That is why we have built "green" power stations like the clean-coal powered Stesen Janakuasa Sultan Azlan Shah in Perak, Malaysia, which features anti-pollution measures and strict emission controls.

*Tenaga Nasional Berhad – Powering a "green" nation.*