

Co-generation/Efficient Use of Gas Sub-Committee meeting

29 January 2015, 3.00 pm

MGA Office, Etiqa Twins

Attendees:

1. Mohd Raziff Embi (Malakoff) – chair
2. Ir Dr Zahrul Faizi Hussien (Malakoff)
3. Mohd Firdaush Jaafar (Malakoff)
4. Shankarvelu Sarawanan (Deleum)
5. Salmey Abdul Halim (PETRONAS)
6. Mohd Rozi Othman (Gas Malaysia)
7. Ho Sook Wah (MGA)
8. Mohd Azhan Ismail (MGA)

Summary of discussion

1. Suruhanjaya Tenaga is in the process of drafting a policy paper on co-generation and had met several existing co-generators to solicit inputs.
2. Excess power output from co-generation plants that can be exported to the grid should not be considered as an excess, but should be considered as firm capacity and included in the TNB's plant-up program.
3. Due to low power tariff because of gas subsidy, it would be cheaper for buyers to purchase electricity from TNB rather than invest in co-generation facilities.
4. There is no major issue with regard to technical aspect of co-generation implementation.
5. Most issues on implementation of co-generation are on commercial.
 - The main barrier for co-generation implementation is the determination of power tariff. Co-generation power tariff must be determined in tandem with gas price.
 - One suggestion is for tariff to be based on products e.g. power, steam and chilled water with different heat rate assigned to each product.
 - TNB's requirement for power entry from co-gen plant to be at 132 kV would require a huge investment in sub-station.
6. The existing legislation is not considered to be a major issue. However, it is noted that existing legislation only covers electricity while other products are not regulated.

7. Many countries offer incentives to encourage CHP implementation. Examples: fuel discount (Japan), financial incentives (China) and tax incentives (Korea). Co-generation implementation in Thailand is a good example for Malaysia to learn from.
 - Attached is the “Cogen Incentives – Study on Different Countries” which was distributed and discussed during the meeting.
8. The team will estimate savings from existing co-generation projects in the Malaysia on the basis of savings in fuel quantity used by a co-generation development if compared to conventional non co-gen development. En. Salmey and En. Rozi will provide data for this purpose.
9. If Suruhanjaya Tenaga is developing a policy paper on co-generation, it's important that this sub-committee provide inputs to ST for this purpose. Discussion on co-generation will be included as a topic in the next MGA's dialogue with ST which is planned for early March 2015. This can be followed up further with working level discussion.