Oct 15, 2015 | Written by Chen Shaua Fui | 0

KUALA LUMPUR (Oct 15): The Malaysian Photovoltaic Industry Association (MPIA) has called for an improvement in the way the allocation of annual quota for the higher capacity photovoltaic (PV) installations between 425KW peak (KWp) up to 1MWp is given out, under the Feed-in-Tariff (FiT) programme.

However, it said the allocation of annual FiT quota for PV installations under the 425kWp has been fair and transparent.

“We have problems with the allocation of the quota for the category of 425kW to 1MW. In November last year, Sustainable Energy Development Authority (Seda) had promised the industry that this category will be given merit points and listed publicly. And if the points are tied, it will be balloted," MPIA president Ahmad Shadzli Abdul Wahab told a press conference today.

"However, none of these things have happened," he added.

“The final decision was made by the highest authority, that is, Ministry of Energy, Green Technology and Water (KeTTHA). We want to say that the government should fulfill what they promise, especially transparency, because the money involved is public money,” Ahmad Shadzli said.

He said the government has been collecting 1.6% of the total amount on the electricity bill from residential, industrial and commercial users — amounting to RM600 million a year — to put in the Renewable Energy (RE) Fund, which would be used to pay the participants of the RE generator for the power generated.

MPIA also said in a recent engagement with Seda on Sept 12, the authority has reiterated that the allocation of the quota for 2016, for the said category, with a total FiT quota of 30MW, will be decided by the ministry in January 2016.

The quota allocation for the other three categories: solar PV individual (15MW), solar PV community (5MW) and solar PV non-individual less than 425kW (20MW) will be carried out by Seda, through balloting between January and March 2016.

While MPIA commended Seda for roping in independent auditor to audit the process, it called on the authority to publish the number of companies that have failed and passed, merit points of the companies, and carry out the award through balloting.

MPIA also suggested that the quota for the solar PV non-individual above 425kW is either reduced to 20MW from 30MW, and the 10MW to be transferred to solar PV individual quota 12KWp and below category; or the total 30MW quota to be transferred to the abovementioned category.

MPIA secretary Lionel Yap said this will create multiplying effects for the industry, as a total of 3,000 to 6,000 families can participate in the program to generate solar power for a capacity between 5kW and 10 kW. This is contrary to the award of the capacity to only 30 companies for a capacity is 1MW.

MPIA has handed over its memorandum to Seda and KeTTHA on Sept 21, but they have yet responded.

In the memorandum, MPIA also proposed to reduce the degression rate to a maximum of 8% from the current proposed 15% for 2016, as the depreciation of ringgit has affected the industry.

MPIA's secretary, Hatim Salleh, said when an individual was awarded a FiT quota, Tenaga Nasional Bhd (TNB) will sign a power purchase contract with the individual for a duration of 21 years. And each year, the value of kW/hour rate will degrade according to a percentage.

The basic rate for 2015 is RM0.9166 for kW/h for capacity between 0-4kW, this rate will be degrade to RM0.7791 according to SEDA’s proposal, and RM0.8432 based on MPIA’s proposal.

Currently, the system cost is ranging between RM6,500 and RM8,000 per KW peak (KWp), depending on components, for individual solar PV with capacity between 4KWp-12KWp.

The higher cost was caused by depreciation of ringgit, as about 80% of the components for a system were imported.

In addition, MPIA also propose the local manufacturer bonus to be set at 4 sen, instead of the current rate of 5 sen, as it believed the local manufacturer can adapt to this minimal decrease. The purpose of the bonus was to encourage investors to venture into the RE sector.

“We believe that the local companies need to improve and be more competitive. If not, they will not be able to compete once FiT programme ended in 2017,” MPIA said.

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