

Understanding FiT

- > LAUNCHED in December 2011, the Feed-in Tariff (FiT) scheme enables companies and house-owners to produce renewable energy from four sources – solar photovoltaic, biogas (organic waste, landfill, sewage sludge), biomass (agricultural waste, garbage) and small hydropower – and sell it to the grid.
- > The power producers sign power purchase agreements with Tenaga Nasional Bhd and Sabah Electricity Sdn Bhd (distribution licensees) for tenures of 21 years for solar and hydropower, and 16 years for biogas and biomass. TNB and SESB (the FiT scheme has yet to cover Sarawak) are obligated under the Renewable Energy Act 2011 to accept the power into the grid.
- > To be a power producer, companies and individuals apply online. Quotas are set for the various sectors every year.
- > The payment is currently higher than electricity tariffs and varies: solar PV (from RM1.04 per kWh this year), biogas (from 31 sen), biomass (from 30 sen) and hydropower (from 23 sen). The rates are reduced annually (called degeneration) as the cost of renewable energy technology is expected to decline over time. For instance, the tariff for solar PV was RM1.23 in January 2012.
- > For the renewable energy “sold” to the grid, TNB and SESB do not pay the full FiT rates but what it costs to produce the electricity using conventional means (currently 26.41 sen per kWh). The rest of the FiT payment comes from the Renewable Energy Fund. TNB and SESB also receive a 2% administrative fee from the fund, and Seda 3%.
- > Households (except those using less than 300kWh per month) contribute to the fund – 1% of their monthly electricity bill since December 2011; this was raised to 1.6% in January. Only 29% of consumers in Peninsular Malaysia and 38% in Sabah are contributing.
- > As of December, Seda has approved projects with renewable energy capacity of 482MW, comprising solar PV (40.2%), biomass (27.2%), hydropower (27.2%) and biogas (4.9%).
- > To date, projects with 164.12MW have been completed: solar PV (88.38MW), biomass (52.3MW), biogas (11.74MW) and hydropower (11.7MW), These have avoided 740,222 tonnes of carbon dioxide emissions.

Learn more at www.seda.gov.my

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