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Consumers' support vital

WE refer to the letter "Do not double RE Fund levy" (*The Star*, Sept 3) by TK Chang on the increase of the surcharge for the Renewable Energy (RE) fund from 1% to 2%.

The Sustainable Energy Development Authority Malaysia (Seda Malaysia) wishes to make some clarifications.

In response to the claim that the surcharge of 1% on all consumers is used to fund a few to install PV Cells to generate electricity, Seda Malaysia would like to state that the RE Fund is used to pay premium prices for electricity generated from other renewable resources as well. These include biomass, biogas and small hydro.

Currently, only 26% of domestic consumers contribute to the fund and those are who consume more than 300kWh of electricity in a month.

Seventy-four per cent of domestic consumers do not use more than 300kWh of electricity a month and thus are not charged the 1%.

Everyone has equal opportunity to be renewable energy producers and Solar PV installation is the most feasible as it can be installed on rooftops.

There are banks that provide financial assistance and this allows more people to install solar PV.

Seda Malaysia is aware that the production capacity for PV cells worldwide is facing a gross over-capacity and prices are falling fast.

In view of the market conditions, we reviewed the feed in tariff (FiT) rates as provided for by RE Act 2011 to reflect the cost decrease. Hence, on March 28, 2013, the FiT rate for the following year was reduced from 8% to 20%.

The RE Fund is not being used to subsidise PV Cells and Solar PV installation. As a matter of fact, the cost for Solar PV technology is still high and that is the reason why the FiT rates are higher.

In time, these systems are expected to be cheaper which will be reflected in the lower feed in tariff rate.

We need to initiate the RE implementation or it may be too late to diversify our energy mix.

Along with the implementation and administration of the Feed-in Tariff and RE Fund, Seda Malaysia is also working on research and development in RE.

Currently, we are collaborating with local research institutions on new innovations of RE technologies which will be adapted for use.

Once again, Seda Malaysia would like to emphasize that RE Fund does not subsidise a handful of successful bidders.

The allocation of quotas under FiT mechanism is done via e-FiT online system where applications are made online. It is not a bidding system and quota allocation is done on a first come first serve basis.

Since the launch of Solar Rooftop programme in September last year, Seda Malaysia has received 2,404 applications from individuals, approved 1,582 applications which translates into 18.87MW installed capacity. Until July 31, 7.93MW has been fed to the grid.

Finally, Seda Malaysia would like to reiterate on the national need to develop RE as an alternative to fossil fuels to mitigate climate change and address the issue where energy prices are rising while at the same time it is critical to achieve energy autonomy and security.

The RE Fund contributed by the public has made it possible for Malaysia to be less dependent on fossil fuel and reduce the national carbon footprint.

The quota available for RE is based on how much RE Fund is available and thus only with the support and willingness of consumers on the surcharge imposed on electricity bill will the generation of clean energy from abundant resources via FiT mechanism become a sustainable solution for this national agenda.

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