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Infrastructure, Energy & Resources

# Energy Exchange Malaysia and Cross-Border Electricity Sales of Renewable Energy

## Introduction

The Guide for Cross-Border Electricity Sales ("**CBES Guide**") was first issued by the Energy Commission ("**EC**") on 31 December 2020 to facilitate the cross-border electricity sales between Peninsular Malaysia and Singapore or Thailand. The CBES Guide was revised on 25 October 2021, imposing prohibition of export of renewable energy ("**RE**") to Singapore.

In the National Energy Transition Roadmap ("**NETR**") issued in July and August 2023, the Government of Malaysia identified the establishment of RE exchange hub to enable cross-border RE trading as one of the key initiatives under the energy transition lever of RE. However, there had been little development on the RE exchange framework since then.

The much-anticipated development was finally announced by EC via the third edition of the CBES Guide on 15 April 2024, which now contains a separate chapter addressing the mechanism of the cross-border renewable energy sales from Peninsular Malaysia to Singapore or Thailand ("**CBES RE Scheme**").

## Energy Exchange Malaysia (ENEGEM) and the CBES RE Scheme

Based on the latest CBES Guide, the CBES RE Scheme will be carried out through a platform known as the Energy Exchange Malaysia ("**ENEGEM**"), which acts as the marketplace to sell Green Electricity through a bidding mechanism operated by Single Buyer, which is the entity authorised to conduct electricity planning and manage electricity procurement services for Peninsular Malaysia. Single Buyer will enter into power purchase agreements with the RE power producers, and RE supply agreements for the sale and purchase of the RE with the RE purchaser(s) in Singapore or Thailand. Single Buyer will also be responsible for all operations and activities associated with the CBES RE Scheme including the procurement and sale of RE, conducting auction processes, scheduling, settlement as well as verification of green attributes and the issuance and redemption of renewable energy certificates ("**REC**") related to the CBES RE Scheme.

The CBES RE Scheme will utilise the existing interconnection between Peninsular Malaysia and Singapore or Thailand, with a capacity of up to 300 megawatts ("**MW**") allocated for Singapore and subject to availability for Thailand. RE sold under the CBES RE Scheme will be fulfilled through physical

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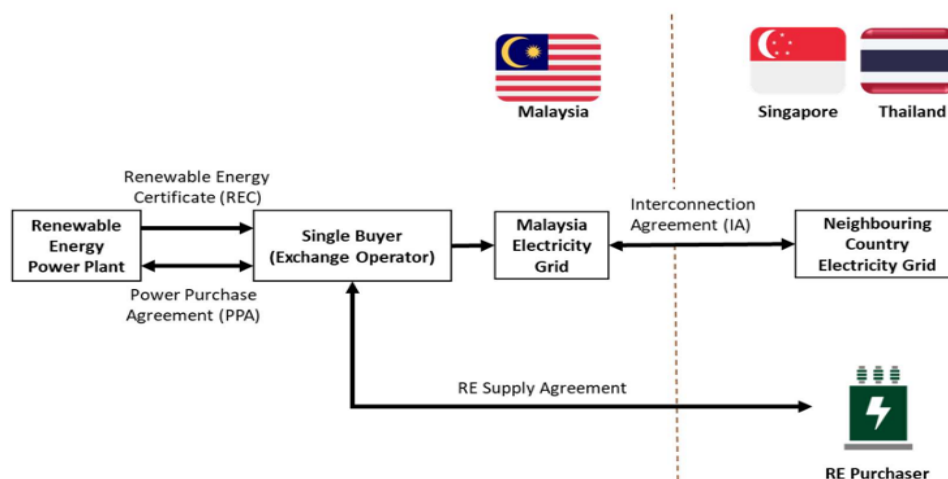
delivery of the committed volume of megawatt-hour (MWh) and associated RECs. The RE will be sourced from solar and hydro plants or any other renewable sources approved by EC.

Green attributes of the RE sold through ENEGEM will be redeemed by the RE purchaser's final consumer. Redemption of RECs will be done in accordance with the supply agreement of the RE. Scheduling of the RE under the CBES RE Scheme will be implemented by Single Buyer as determined by each auction exercise.

Balancing of surplus and shortfall of energy during operation for CBES RE Scheme with Singapore or Thailand will be carried out by the Grid System Operator in accordance with the interconnection agreement with the owner of the respective grid system.

The parties involved shall also comply with all the technical, commercial, operational and settlement requirements relating to the CBES RE Scheme set out in the CBES Guide.

The CBES RE Scheme is summarised in the diagram below.



## Establishment of Exchange Committee

The Ministry of Energy Transition and Water Transformation ("**PETRA**") shall establish and appoint the members of an Exchange Committee, which shall consist of representatives from PETRA, EC, Single Buyer, Grid System Operator and other parties as may be required by the Exchange Committee.

### Infrastructure, Energy & Resources

The Exchange Committee shall have a right to deliberate and resolve matters including necessary endorsement and/or approval for the purpose of ENEGEM auction exercise and dispute and/or non-compliance in relation to the implementation of the CBES RE Scheme. Any decision made by the Exchange Committee shall be considered final and conclusive.

## Pilot ENEGEM Auction of 100MW for RE Export to Singapore

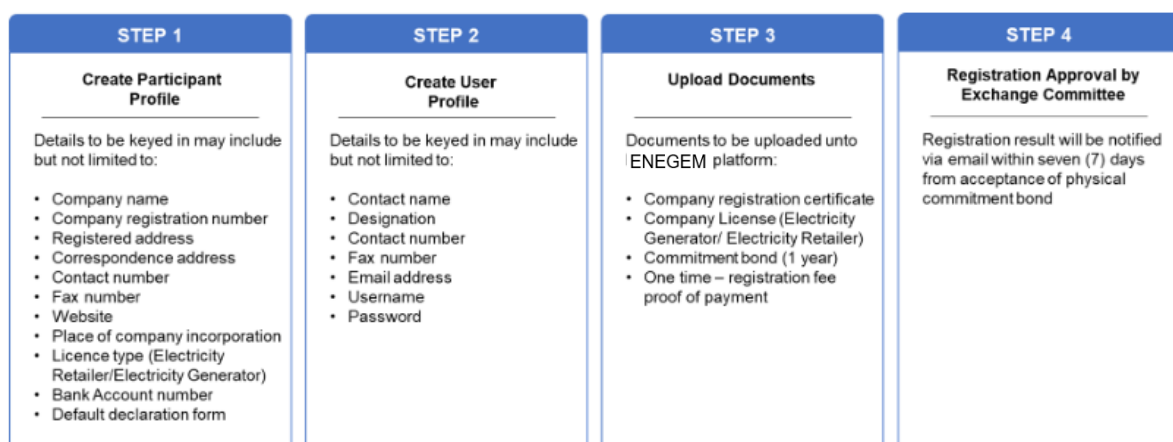
To kickstart the CBES RE Scheme, PETRA has announced that a pilot auction offering a capacity of 100MW will be carried out for the export of RE from Malaysia to Singapore.

This pilot auction is only open to interested bidders who hold electricity generation and/or retailer licence from Singapore. The interested bidders can submit the required information through an "Expression of Interest Form" to Single Buyer through its website. Single Buyer will review the forms and email the invitation to bid ("ITB") document to the eligible bidders. The invitation to bid document will outline the registration process, bidding process and other related rules and requirements to participate in this inaugural auction.

## Participation in the CBES RE Scheme

Any interested party (whether buyer or seller) can be registered as a RE participant (known as "RE Bidder") in ENEGEM.

Registration for ENEGEM will be open from 6 May 2024. The process of registration as ENEGEM participants is summarised by Single Buyer in the diagram below:



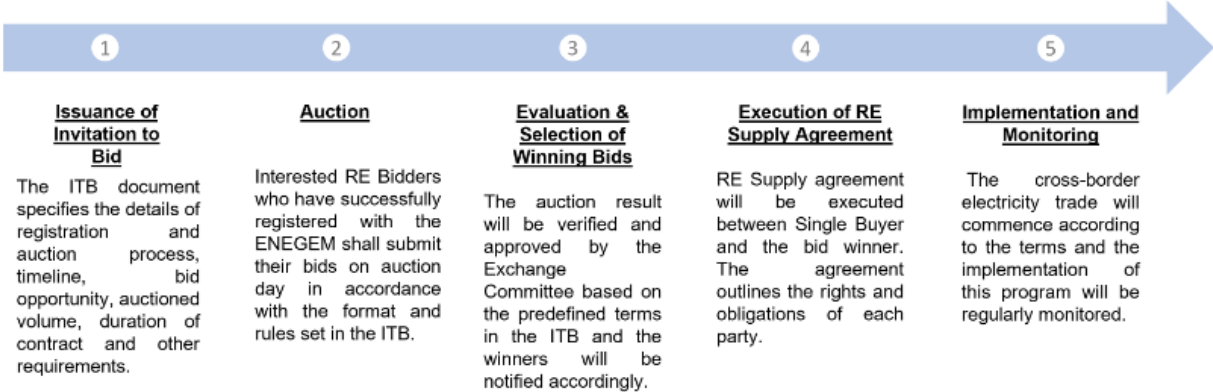
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2024 MAY



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The bidding process for the CBES RE Scheme for its pilot phase is summarised by Single Buyer in the diagram below:



## Conclusion

According to PETRA, conducting auctions through the ENEGEM platform will enable Malaysia to reinforce its cross-border electricity integration framework, and also facilitate increased RE development and regional collaboration in cross-border energy trading among ASEAN nations.

The establishment of ENEGEM and the corresponding CBES RE Scheme is a major development in the energy sector to achieve the nation's targets of achieving net-zero and 70% RE installed capacity by 2050 set out in the NETR. This is definitely a welcome development, especially in view of the recent announcement of the fifth competitive bidding round for the Large Scale Solar programme ("**LSS PETRA**") on 1 April 2024. It will be interesting to see if the establishment of ENEGEM will significantly increase the participation in LSS PETRA, as the fundamental framework allowing export of RE generated to our neighbouring countries has now been established.

To view our previous update on LSS PETRA, please refer to the following:

- [Large Scale Solar Photovoltaic Plant – Fifth Competitive Bidding Round \(LSS PETRA\)](#)

Should you require further information or any advice on the above or any other matters pertaining to projects, energy and infrastructure, please feel free to reach out to any member of our team listed below.

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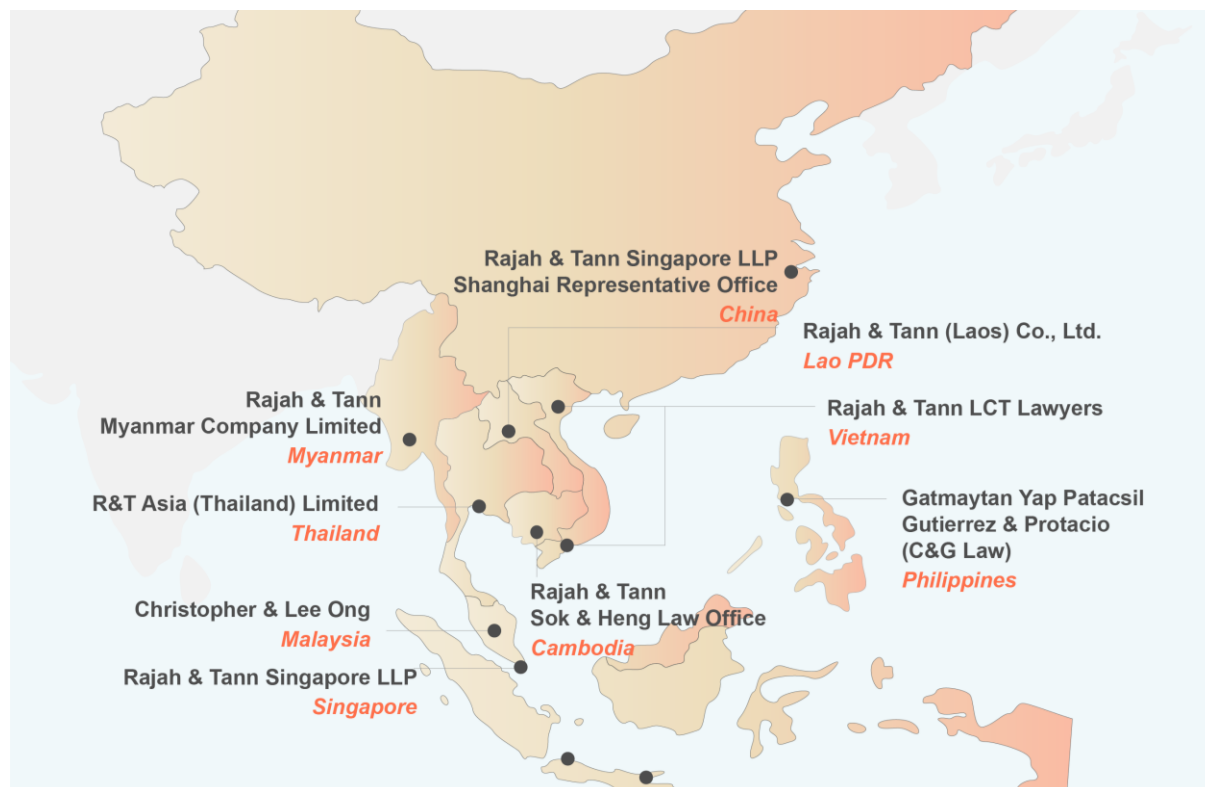
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