

Third Party Access to The Electricity Grid – The Introduction Of CRESS

The Ministry of Energy Transition and Water Transformation recently released a media statement introducing the Corporate Renewable Energy Supply Scheme (“**CRESS**”). CRESS is a strategic initiative which aims to provide corporations with greater access to green electricity, reinforcing Malaysia’s commitment to a sustainable energy future.

“[T]he CRESS programme is expected to increase RE capacity and reduce carbon emissions.”



This scheme indicates that the government is shifting from the current power purchase agreement model to the CRESS framework, marking a significant step towards liberalising Malaysia’s Renewable Energy (“RE”) market and accelerating its commitment to the National Energy Transition Roadmap (“NETR”). The programme leverages the concept of open grid access, enabling third parties to supply or procure electricity through the grid network under a regulated system access charge.

Our earlier updates on the NETR can be viewed [here](#) and [here](#).

Key Features of CRESS Implementation

The implementation of CRESS will be regulated by the Energy Commission under the ***Electricity Supply Act 1990 (Act 447)*** throughout West Malaysia only¹, and can be carried out in two main ways:

- 1. Direct Supply from RE Generators:** RE generators and eligible corporate users can enter into green power supply arrangements under agreed terms through the existing supply system. This allows corporations to obtain green electricity directly from identified third-party access RE generators.
- 2. Grid Access System:** RE generators can also supply green electricity to corporate consumers through the TNB grid network by participating in the NEDA market². The *Suruhanjaya Tenaga* will oversee and control the CRESS scheme.

[1] Electricity Supply Act 1990 (Act 447) (Malaysia) s 2; Electricity Supply (Suspension of Operation of the Act for Sabah) Order 2023 [P.U.(A) 394/2023]; Suspension of the Operation of the Act (Sarawak) Order 1990 [P.U. (A) 272/1990]

[2] New Enhanced Dispatch Arrangement (NEDA) is a program which allows non-PPA/SLA Generators such as co-generators, renewable energy generators/producers, embedded generators and expired PPA/SLA Generators to operate as Merchant Generators to sell energy to the Single Buyer.

TNB will continue to play the role of a utility electricity supplier, ensuring consistent delivery of generated electricity to consumers both within and outside the green electricity supply period.

General Conditions for Participation

Eligibility:

- Open to new RE generators from various renewable energy sources connected to high voltage levels.
- Open to new or existing TNB commercial and industrial consumers at medium and high voltage levels with additional or new electricity supply demands.

Direct Connection:

- RE generators and green consumers must connect directly through the grid network system to ensure comprehensive electricity supply planning.

Connection Limits to the Grid Supply System:

- Based on the findings of the relevant power system study (PSS)³.



[3] Power system studies, are an essential part of the design and operation of any electrical system. These studies help engineers understand the behaviour of a system under various conditions and ensure that it is safe, reliable, and efficient.

Firm Output Requirement:

- The output of electricity generated by RE generators must be firm to increase reliability, enhance system stability, and minimise disruptions to the supply system.
- A higher system access charge rate will apply to RE generators that do not produce electricity with a firm output.

Key Benefits

The CRESS programme is expected to:

- Reduce risks and costs in the national electricity supply system.
- Promote fair competition among developers.
- Attract more local renewable energy industry players.
- Increase RE capacity and reduce carbon emissions.

The Energy Commission will provide more information on the criteria and procedure for participation as we approach the launch in September.

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