



Joyce Ong Kar Yee
Partner

**Energy, Projects &
Infrastructure | Corporate |
Regulatory & Compliance |
ESG & Sustainability**
E: oky@lh-ag.com



Pacey Ting Zhao Ying
Pupil

**Energy, Projects &
Infrastructure**
E: zyting@lh-ag.com

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THIRD PARTY ACCESS TO THE ELECTRICITY GRID: THE RELEASE OF CRESS GUIDELINES

On 20 September 2024, the Energy Commission (“**EC**”) released the official guidelines for the implementation of the new Corporate Renewable Energy Supply Scheme (“**CRESS**”) (“**Guidelines**”). CRESS offers a significant platform for corporate consumers to directly source renewable energy, further supporting Malaysia’s National Energy Transition Roadmap (“**NETR**”) and its broader commitment to achieving net-zero carbon emissions.

Our earlier updates on the introduction of CRESS can be viewed [here](#).

Under the CRESS framework, consumers can contract with a Renewable Energy Developer (“**RED**”) to purchase renewable electricity generated by the RED’s green energy plant (“**GEP**”). The energy will flow through the national electricity grid, which is managed by the Electricity Utility Company (“**EUC**”). The EUC ensures that both the RED and the consumers are connected to the grid, enabling the smooth transfer of green electricity.

Additionally, the Guidelines provide that the RED is allowed to contract with more than one consumer for the respective project and vice versa.

Key Highlights from the CRESS Guidelines:

Contractual Framework

At least five separate contracts will need to be signed, namely:

- **Bilateral Energy Supply Contract** between the RED and the consumer, in relation to the sale and purchase of green electricity.
- **Corporate Renewable Energy Supply Agreement (“CRESA”)** between the consumer and the EUC to allow the transfer of electricity from the GEP to the consumer.
- **Renewable Energy System Access Agreement (“RE SAA”)** between the Grid Owner and the RED, that governs the requirements for grid access.
- **New Enhanced Dispatch Arrangement (“NEDA”) Agreement** between the RED and the Single Buyer, in relation to the RED’s participation in NEDA.
- **Backfeed Agreement** between the RED and the EUC, in relation to the electricity consumption required by the GEP during the construction phase or for other uses.

Participation

Applicant	Requirements
RED	<ul style="list-style-type: none"> • Operating in Peninsular Malaysia with at least fifty-one percent (51%) local ownership. • Hold a licence under Section 9 of the Electricity Supply Act 1990 (“ESA 1990”). • The electricity generated by the GEP shall be in the form of renewable energy. • The GEP must have a minimum capacity of 30MW

	<p>and a direct connection to the grid system.</p> <p><i>Note: The RED can be both the owner of the GEP and also the consumer.</i></p>
Consumer	<ul style="list-style-type: none"> • A new medium or high-voltage customer of the EUC. • Existing customers may participate if they declare additional demand to the EUC.

Energy Billing Process

- The EUC will carry out the billing process and issue monthly bills to the consumer based on meter readings at both the RED (**MRED**) and the consumer (**MGC**) premises, while the Single Buyer administers billing to the REDs.
- The billing process will start on the 1st day of each month.
- Any excess energy generated that exceeds the consumer's demand (**MGC**) will be supplied to the grid system and will not be compensated through the NEDA mechanism.

Firm Output & Energy Storage

- The RED must register their projects and declare their energy output. They can serve multiple companies, but the maximum energy supplied must align with what is registered.
- If the GEP is unable to declare the energy output, the RED must develop an energy storage system and will be subject to a higher System Access Charge ("**SAC**").
- The energy storage capacity (**MW**) will need to provide a battery energy storage of at least 50% of the GEP's export capacity for four consecutive hours.

Renewable Energy Certificates (“RECs”)

- Green attributes, in the form of RECs, belong to the RED and shall be transferred to the consumer in accordance with the Bilateral Energy Supply Contract between the RED and the consumer.

System Access Charge

- The RED is responsible for paying the SAC for the use of the grid system.
- The SAC is currently set at RM0.25/kWh for firm output and RM0.45/kWh for non-firm output.
- The SAC will be reviewed every regulatory period, which spans a three-year cycle.

Decommissioning of GEP

- The GEP is subject to decommissioning if it ceases to operate or has not been operating for a period of twelve consecutive months.
- The application to establish the GEP must include a detailed decommissioning plan, ensuring compliance with the ESA 1990 and other regulations.

Submission of Application

The application process for participation in CRESS will open on 30th September 2024, and can be completed through the Single Buyer’s website at www.singlebuyer.com.my. The RED holds the responsibility of submitting the application for participation on behalf of the consumer.

The scheme represents a step towards enhancing corporate access to renewable energy, complementing existing programmes like the Net Energy Metering (“**NEM**”) and the Corporate Green Power Programme (“**CGPP**”). By providing a more direct procurement route for green electricity, CRESS offers corporations greater flexibility in fulfilling their Environmental, Social, and Governance (“**ESG**”) commitments, aligning with national efforts to reduce carbon emissions and achieve a sustainable future.

The CRESS Guidelines are available [here](#).

If you have any queries, please contact Partner, [Joyce Ong Kar Yee](#) (oky@lh-ag.com). This article was co-authored by Pupil, Pacey Ting Zhao Ying.

Head Office

Level 6, Menara 1 Dutamas
Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia
Tel: +603 6208 5888
Fax: +603 6201 0122

Johor Office

Suite 21.01
21st Floor, Public Bank Tower
No.19, Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Tel: +607 278 3833
Fax: +607 278 2833

Penang Office

51-12-E, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050
Penang
Tel: +604 299 9668
Fax: +604 299 9628

Email

enquiry@lh-ag.com

Website

www.lh-ag.com