FGV to Boost Returns from Renewable Energy Projects





One of the Feed-in-Tariff biogas plant in Nitar, Johor.

KUALA LUMPUR, 18 May 2020: FGV Holdings Berhad (FGV) plans to boost returns from its renewable energy projects as part of its recovery strategy from the COVID-19 pandemic.

"The waste-to-wealth initiative has always been an important element for FGV's business in view of the abundant resource derived from its plantation and mill activities. These include producing biogas fuels (gas, solid and liquid) to generate power. This initiative can be enhanced further as part of the Group's recovery strategy post COVID-19. We are reviewing the initiatives under the segment to come up with a solid plan that could be executed immediately," said Group Chief Executive Officer Dato' Haris Fadzilah Hassan.

Amongst the immediate projects that could be carried out is the power generation business through its biogas captures at its palm oil mills. Biogas is utilised as fuel for electricity generation via biogas engines to supply electricity to National Grid through Feed-In-Tariff (FIT) mechanism governed by Sustainable Energy Development Authority Malaysia (SEDA Malaysia). Biogas is also used internally for rural electrification in Sabah generating electricity to power-up home of settlers in Felda Sahabat, Felda Cenderawasih and Felda

Umas.

FGV's Serting Hilir mill in Negeri Sembilan was the first FIT project in Malaysia to achieve Commercial Operation Date (COD) in 2006 followed by Tenggaroh, Maokil and Nitar mills in Johor. Triang and Keratong 9 mills in Pahang are the latest to supply to the National Grid this year.

Through Renewable Energy projects, FGV is also carrying out cost optimisation initiatives across the Group in terms of fuel savings at its mills and plants. For example, MSM Malaysia Holdings Berhad (an associate company of FGV)'s plant in Tanjung Langsat in Johor could run using shredded empty fruit bunches (EFB) supplied from the Group's mills in Johor and this would create annual RM60 million savings in electricity.

FGV is also expecting to export palm kernel shells (PKS) to Japan as biofuel which shipments are expected to be within this year. PKS is widely used for biomass power plants throughout Japan for electricity power in-line with their government initiatives in promoting renewable energy. The introduction of Japanese government renewable initiative to depend less on fossil fuel in 2012 has driven up demand, with Japanese PKS imports nearly tripling since 2015, to 1.3 million metric tons (MT) in 2018, hence offering a great opportunity for FGV to explore and penetrate Japanese PKS market, ahead of competition from Indonesia.

FGV is also carrying out a joint-venture plan to build an EFB pulp and paper plant, potentially in Kuantan, Pahang which is expected to be completed in 2022/2023 that would utilise between half a million to one million tonnes of EFB annually.

Following the success of the first bio-compressed natural gas (Bio-CNG) plant at Sungai Tengi Palm Oil Mill, in Selangor, FGV is planning to set up Bio-CNG/Bio-LNG plants at potentially 35 of its palm oil mill through external investments, in addition to its FIT project, palm fibre oil extraction plants, biogas and renewable energy utility project in Sabah, which also involve external parties.

Haris Fadzilah said the initiative is also in line with Malaysia Energy Supply Industry 2.0 (MESI 2.0) plan to have 20% in RE in energy mix by 2025.

The Renewable Energy Division which is under FGV Palm Industries Sdn Bhd consists of by-products, renewable energy and zero investment projects relating to biomass produced from palm oil mills.

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