

# MGA pushes for gas market liberalisation



## COMMODITIES

Friday, 01 Apr 2022

PETALING JAYA: As the nation's lead advocator for the natural gas industry, the Malaysian Gas Association (MGA) will continue its role in promoting fair policies not only for customers, but also for all players across the value chain.

President Abdul Aziz Othman said the association is committed to maintaining the role to ensure the natural gas industry continues to be sustainable and vibrant for as long as possible.

He said as the bridge between the government, policymakers and industry players, MGA facilitated discussions between all parties to ensure a smooth transition in the gas industry.

"We will advocate to make gas available to everybody but the pricing should be affordable and competitive, rather than to drive down the price.

"When we were established in 1986, we advocated for the usage of gas as it was not widely known and because it was the cleanest fuel compared to other forms of gas such as coal," he told Bernama in an interview recently.

The association has 130 corporate members from across the gas value chain, including companies involved in large-scale gas consumers such as industry and power generators, production and delivery of gas, as well as support services such as consulting and engineering.

MGA also plays a vital role in promoting the efficient use of gas and creating demand through cogeneration, an efficient and cleaner way of generating electric power and thermal energy such as heat and steam from a single fuel source.



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Abdul Aziz said the price of gas across the board should be at the market price and stressed the need for a full liberalisation to sustain the industry.

He said full liberalisation in the natural gas industry would attract third-party players and investors, as price normalisation would enable third-party access (TPA), providing opportunities and benefits for both suppliers and buyers as well as ensuring the nation's long-term energy supply security.

As of Jan 1, 2022, gas distribution to the non-power sector has been fully liberalised.

"The biggest user of the gas industry is the power-generation sector.

"The gas industry technically should have been liberalised since January 2020 but is still being controlled by the government.

"If we want to make the gas industry sustainable, we think that full liberalisation should happen instead of just the industrial sector," he said.

He said the power sector was an important driver of gas demand in fuelling Malaysia's electricity generation, with almost 50% of gas production going to the sector.

The association expects gas demand from the sector to remain strong, as natural gas is an important fuel for energy transition, addressing the energy trilemma to ensure long-term energy security for the nation.

Abdul Aziz said Peninsular Malaysia took up the largest portion of the country's gas demand, while a significant portion of the natural gas produced offshore of Sabah and Sarawak is exported in the form of liquefied natural gas (LNG).

On the impact of Covid-19 on the industry, he said MGA was bullish on the industry turning around with improving demand in line with the opening of the economy.

"Demand had gone down during the stricter lockdown in the first movement control order in 2020.

"We saw demand for natural gas improving a little with the subsequent lockdown, where factories were permitted to resume their operations.

"Now that the economy has opened and factories are operating normally, we expect the gas demand will increase and that will benefit the players," he said.

Abdul Aziz said Malaysia has committed to achieving carbon neutrality by as early as 2050 and this commitment included ceasing to build new coal-fired power plants.

Towards the move to achieve carbon neutrality, he said Malaysia would need natural gas even more as fuel for power generation and as a partner to renewable energy.

He said MGA was part of a technical committee for a new framework, the Natural Gas Roadmap

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Abdul Aziz said the NGR, which is currently being finalised, is drafted to support the National Energy Policy that would contribute towards achieving long-term energy security at competitive pricing while at the same time ensuring environmental sustainability.

Currently, he said almost 60% of the power generation is by coal in Peninsular Malaysia.

“We think gas is well-positioned to complement the government’s net-zero aspirations,” he said.

He said the association also looked forward to the review of the electricity supply industry as committed by the government in the 12th Malaysia Plan to address any imbalance in the energy market.

Meanwhile, he said [Tenaga Nasional Bhd](#)  (TNB) has also committed to be coal-free by 2050.

This aspiration is underpinned by a commitment to reduce 35% of its emission intensity as well as 50% of its coal-generation capacity by 2035.

According to the Report on Peninsular Malaysia Generation Power Development Plan 2020, natural gas is expected to play the long-term role of providing energy access and security, and at the same time, help the nation meet its improved greenhouse gas emission reduction target of 45% of gross domestic product by 2030.

However, he said energy transition was not an overnight change as it would take years of investment and require comprehensive policies for the mid to long-term strategies.

“Transition must be pragmatic and carefully planned since different countries have different circumstances.

“We need to figure out what is the best pathway for the country,” he said.

Collaborations across the gas industry are vital to ensure understanding of the industry players on the gas market liberalisation, thus, making it more vibrant and competitive.

A successful and fully liberalised gas market will lead towards a vibrant and sustainable natural gas industry and the nation will benefit from enhanced energy security and reliability.

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MGA also plays a vital role in promoting the efficient use of gas and creating demand through cogeneration, an efficient and cleaner way of generating electric power and thermal energy such as heat and steam from a single fuel source.

Abdul Aziz said the price of gas across the board should be at the market price and stressed the need for a full liberalisation to sustain the industry.

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The association expects gas demand from the sector to remain strong, as natural gas is an important fuel for energy transition, addressing the energy trilemma to ensure long-term energy security for the nation.

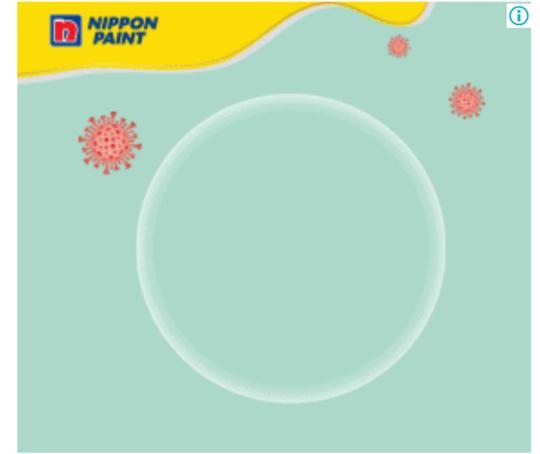
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He said MGA was part of a technical committee for a new framework, the Natural Gas Roadmap (NGR), to chart the industry's direction in optimising demand growth, ensuring the security of supply and liberalising the market to enhance efficiency and competitiveness.

Abdul Aziz said the NGR, which is currently being finalised, is drafted to support the National Energy Policy that would contribute towards achieving long-term energy security at competitive pricing while at the same time ensuring environmental sustainability.

Currently, he said almost 60% of the power generation is by coal in Peninsular Malaysia.

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