

Transformation fuels CIPS award

The largest coal buyer in Asia Pacific, TNB Fuel Malaysia has been transforming its procurement department to align with its strategic objectives. As part of a structured pathway to becoming a world-class procurement organisation, the company gained a CIPS Procurement Excellence Standard award, and then started working towards an Advanced award.

About CIPS

CIPS, the Chartered Institute of Procurement & Supply, is the world's largest organisation dedicated to the profession of procurement and supply, with a voice that is recognised across the globe. CIPS works in partnership with governments, businesses, public sector entities and international development agencies to support organisations to achieve sustainable value.

“ The process we went through to gain CIPS Corporate Certification [Procurement Excellence award] helped me and my team to examine our processes more critically, which strengthened our understanding of company processes, and further enhanced our knowledge and passion for procurement. ”

NOOR ASIHIN SURANI,
CHIEF OPERATING OFFICER, TNB FUEL SERVICES SDN BHD

Why CIPS Procurement Excellence?

TNB Fuel is committed to excellence – from the products it procures to the service it provides to customers. The company's CIPS Procurement Excellence award provides recognition of its robust procurement processes and a progressive and structured platform towards excellence in procurement and supply operations.

TNB Fuel's procurement team aims to balance the multiple demands of customers, suppliers from around the world, and other stakeholders, by providing fuel at the lowest delivered cost whilst maintaining supply reliability and coal quality, and keeping market risk at an acceptable level. At the same time the team is working to be more sustainable, such as reducing the pollutant emissions from energy processing by sourcing “low-rank” coal which contains a lower concentration of carbon.

The benefits for TNB Fuel

- Progression to Advanced level provides a structured pathway to becoming a world-class commodity procurement organisation
- The recognition received has improved the morale and motivation of the already hardworking staff
- The award has enhanced the reputation and credibility of the organisation within the industry
- Helps to demonstrate the business is relevant and sustainable, which could help the company expand into international markets
- Inspires confidence from the Government that procurement practices are fair, transparent and in line with market best practice
- Laid a strong foundation that will allow the organisation the flexibility to respond to changes in the business environment

About TNB Fuel

TNB Fuel Sdn Bhd, or TNB Fuel, is a wholly owned subsidiary of Tenaga Nasional Berhad, or TNB, the largest utility company in Malaysia which employs over 35,000 staff and owns 60% of the country's generating capacity. TNB Fuel started operations in 1998 as the country's coal procuring arm and serves both TNB and the other independent power producers.

TNB Fuel is currently the largest single coal-procuring company in South East Asia, handling almost 33 million tons. This will increase to 40 million tons in 2020, making TNB Fuel the backbone of almost 75% of the total Malaysian generation mix.

Coal is procured via a number of agreements from producers in Indonesia, Australia, South Africa and Russia on FOB basis. As the price of coal is more than 30% of the electricity tariff cost, TNB Fuel is responsible for sourcing coal at the lowest possible price, while maintaining a reliable supply at the quality required by the power plants.

TNB Fuel challenges itself to achieve excellent and efficient coal procurement that is agile, transparent and value-adding. The company continually strives to adopt market best practices and to be a benchmark for others in the region.

About the CIPS Procurement Excellence Programme

Globally recognised, the CIPS Procurement Excellence Programme (formerly known as Corporate Certification) is the only independent, comprehensive, procurement-specific assessment of its kind. Examining your organisation's procedures in targeted detail, it highlights where improvements and efficiencies can be made, ensuring that procurement becomes an essential value driver and organisational influencer.

- Helps you to deliver savings and value and drive change
- Supports you to demonstrate your value to senior management
- Ensures effective supply assurance and compliance through robust governance
- Identifies better, more efficient, and more cost effective ways of working
- Engages and empowers your team, building morale
- Strengthens your relationships with key stakeholders

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