KEMENTERIAN SUMBER ASLI,
ALAM SEKITAR DAN PERUBAHAN IKLIM

PRESS STATEMENT

STRATEGIC DEVELOPMENT & CROSS-BORDER TRADE POLICY FOR RENEWABLE ENERGY

The Ministry of Natural Resources, Environment and Climate Change (NRECC), as the ministry responsible for the country's electricity supply sector, will collaborate with the Ministry of Economy to establish plans and determine new renewable energy (RE) initiatives and programmes to drive the development of the country's RE industry. Therefore, a proposal was tabled to the Cabinet on 3 May 2023 and the Cabinet has agreed and decided that:

(a) the generation capacity for RE will be increased to create new economic opportunities through the enhanced growth of the country's renewable energy industry while ensuring a secure electricity supply;

(b) the implementation of renewable energy development will be expanded based on the concept of self-contained systems to spur investment along the RE value chain and to diversify RE programmes based on the willing buyer, willing seller approach to encourage corporate involvement;

(c) direct allocation from development budget shall be provided for the installation of solar systems on government buildings, enabling government ministries and agencies to benefit from electricity bill savings;

(d) policy on cross-border RE trading will be implemented through the electricity exchange system, which will be developed and established by the government.

With this development, the RE capacity in the electricity supply system is anticipated to reach approximately 70% by 2050. The expansion of RE capacity will enable surplus RE generation capacity to be exchanged across borders with regional neighbours based on a mechanism that will be determined by the government, thus advancing the realisation of the ASEAN Power Grid.

The projected increase in RE capacity is in line with the Malaysia Energy Transition Outlook (METO) report on the low-carbon energy system pathway and will be incorporated into the National Power Development Plan (PDP).

The effort to increase RE capacity in the electricity supply system is anticipated to require new investments estimated at RM637 billion until 2050, which includes investments in RE generation sources, strengthening of grid infrastructure including transmission lines enhancement, energy storage systems integration, and operation costs of grid system networks. The details of the costs and investment values involved, as well as the implications to tariffs for electricity consumers, will be examined by NRECC.

YB NIK NAZMI NIK AHMAD
MINISTER OF NATURAL RESOURCES, ENVIRONMENT AND CLIMATE CHANGE

9 MAY 2023