

Renewable Energy Development in Malaysia: Overview of Renewable Energy Policy: Are We On The Right Track?

ABSTRACT

In the year 2001, the Government introduced the Fifth-Fuel Policy which identified RE from biomass, biogas, municipal waste, solar, wind and mini-hydro as additional sources of fuel for electricity generation besides oil, gas, hydro and coal. The Small Renewable Energy Program (SREP) was promoted by the government which is a market driven platform providing private developers to build a RE power plant at less than 30 MW in capacity and sell the electricity generated to the utility company. Under this program, the main source of RE are biomass from empty fruit bunches (EFB), mini hydro, municipal solid waste and biogas. The Government aims to raise Renewable Energy (RE) capacity to the fuel mix to about 2,000 MW by 2020 compared to the current capacity of 63.45 MW. The Government recognized the need to encourage the systematic growth of RE industry given the target that was previously set was not met. The Government in April 2010 has approved the National RE Policy and Action Plan which is a holistic roadmap for RE growth in the country. Under this policy, the Feed-In Tariff (FiT) System which provides a premium tariff up to a specified period to RE developers will be introduced. This system is supported by an RE Act which contain provisions to facilitate sustainable RE growth and development. The RE Act 2011 was approved by the Parliament on the 27 of April 2011. This is followed by subsidiary legislations which need to be in place to support the parent Act. Presently, the Ministry is in the rigorous process of finalizing the subsidiary legislations and it is expected to be ready in tandem with the enforcement of the RE Act scheduled on 1st December 2011. The implementation of FiT and development of renewable energy in general will be carried out by the Sustainable Energy Development Authority Malaysia (SEDA Malaysia) which will be established through the SEDA Malaysia Act 2011. SEDA Malaysia is a statutory body equipped with powers to enforce the Feed in Tariff system as stipulated in the Renewable Energy Act 2011. The Sustainable Energy Development Authority Act 2011 had been passed at the Upper House of Parliament 28th April 2011

and legally established with the enforcement of the SEDA Act in 1st September 2011. SEDA Malaysia is also tasked to supervise and manage the RE Fund which is critical in ensuring FiT is implemented successfully in Malaysia. This statutory body is expected to work closely with various government agencies and local authorities towards the success of RE, and will have to make available, publicly, the report of annual RE progress.