



Sustainable Energy Development Authority Malaysia (SEDA Malaysia)

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TO : THE NEWS EDITOR

ANNOUNCEMENT ON NEW PROPOSED DEGRESSION RATES FOR SOLAR PHOTOVOLTAIC TECHNOLOGY AND SALIENT CHANGES TO THE RULES FOR FEED-IN APPROVAL APPLICATIONS

Putrajaya, Monday (4th March 2013): On Wednesday, 26th February 2013, the Deputy Secretary-General (Energy) of the Ministry of Energy, Green Technology and Water (KeTTHA), YBhg Dato' Haji Badaruddin bin Mahyudin announced the new proposed degression rates for solar photovoltaic (PV) technology under the feed-in tariff (FiT) mechanism administered by the Sustainable Energy Development Authority Malaysia (SEDA Malaysia). According to YBhg Dato' Haji Badaruddin, the degression rate for solar PV with installed capacity of up to 24 kW will remain at 8% while the degression rate for solar PV with installed capacity more than 24 kW will be increased from 8% to 20%. There will be no degression rates for bonus criteria of locally manufactured PV modules and inverter as the rate will be reduced from 8% to 0%. The new degression rates will come into effect from March 2013 and they are applicable to solar PV quotas released in 2013.

The degression rate refers to the rate of annual progression reduction of the FiT rates as outlined in the Schedule of the Renewable Energy (RE) 2011 (Act 726). The degression rate is a mechanism designed to adjust the FiT rates on yearly basis so the rates reflect the current global and local life-cycle cost in the planting up and maintaining an RE plant. The RE Act 2011 (Act 726) obliges SEDA Malaysia to review the rates at least once in every three (3) years for any of the renewable energy resources. The review is essential as part of financial prudence by SEDA Malaysia in managing the RE Fund. The new proposed degression rates as announced by YBhg Dato' Haji Badaruddin were jointly reviewed by KeTTHA, the Energy Commission and SEDA Malaysia.



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SEDA Malaysia also announces the changes to the rules and regulations, and administrative guidelines for RE installations as follows:

- All companies registered in the e-FiT online system will be required to key in information of all their Ultimate Beneficiary Shareholders when the e-Fit online system opens on 5th March, 2013.
- They are required to provide documents related to ownership/ shareholder's, its structure (in percentages) disclosing all the ultimate Beneficial Shareholders. A sample of the ultimate shareholder diagram is available on SEDA Malaysia website.
- Companies should update their profiles in which they are required to have minimum paid-up capitals of RM20,000 for Feed-in Approval application of up to 72kW or RM50,000 for Feed-in Approval application of more than 72 kW.
- FiA applicants must also provide the latest Memorandum and Articles of Association under the Companies Regulations 1966 showing power generation from renewable energy as part of their line of business; and latest audited accounts under the Companies Regulations 1966.
- Companies are also not allowed to make any changes to the Immediate Shareholders which was previously declared at the previous submission of Feed-in Approval.
- An individual (direct/indirect) shareholder has been capped to a maximum installed capacity of 5 MW of solar PV whereas for companies, the maximum installed capacity of 30 MW of solar PV is imposed.
- The current changes also will only allow 1 application for Solar PV FiA per day for non-individuals, direct or indirect shareholders of the applicant's company or companies in the same group of companies.



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SEDA Malaysia will release their enhanced e-FiT online system which caters for a host of new changes to the public at **9.30 am on 5th March 2013 (Tuesday)**. In line with the release of new quota for Solar PV which will be announced at a later date, SEDA Malaysia advised all interested FiA applicants to register and update their details and new information at the e-Fit online system **before 20th March 2013 (Wednesday)** to ensure they are in compliance with the new changes to the rules and regulations, and administrative guidelines. Failure to comply with the new requirements will not permit the applicants to successfully submit their FiA applications. These changes will be available on SEDA Malaysia's official portal, www.seda.gov.my.

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