



## MEDIA RELEASE

### **STATEMENT BY MINISTER OF ENERGY, GREEN TECHNOLOGY AND WATER DATUK SERI PANGLIMA DR. MAXIMUS ONGKILI ON THE FEED-IN TARIFF QUOTA ON APRIL 1, 2014**

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1. The Malaysian Government since the 8<sup>th</sup> Malaysia Plan in 2001 has embedded renewable energy into the energy mix. The rationale for this is to increase the country's energy security, autonomy and to address climate change. This is in particular to reduce the country's dependency on fossil fuel and to utilize indigenous resources that are renewable. As such, the Government has implemented the Small Renewable Energy Power (SREP) programme which spanned a decade concluding 2010. However, as at the end of 2010, the renewable energy (RE) projects connected to the grid was only 61.2 MW.

2. To encourage the growth of Renewable Energy in the country, the Ministry of Energy, Green Technology and Water (KeTTHA) came out with the National RE Policy and Action Plan (NREPAP) that was approved by the Cabinet on 2<sup>nd</sup> April 2010. The core framework of the NREPAP was centred on the implementation of the feed-in tariff (FiT) which was introduced on 1<sup>st</sup> December 2011 in peninsular Malaysia whereby there is an additional charge of 1% to the electricity bills which goes to the RE fund to allow people to participate in the FiT programme. However, domestic electricity consumers with less than 300 kWh consumption of electricity per month are exempted from such contribution.

3. Currently, the percentage of approved Feed-in Tariff projects is 2% of the total electricity generating capacity. This is based on 537.97 MW of RE capacity approved under the FiT with baseline of 27,179 MW of total electricity generating capacity in the country since 2010. Our target is for Renewable Energy to constitute 5% of the energy mix in 2015.

4. With the tariff review effective Jan 1, 2014, the FiT will also include the state of Sabah and WP Labuan. The contribution into the RE fund has also been revised to 1.6% for all participating states to increase the fund for renewable energy.

5. With this, I would like to announce The Feed-in Tariff (FiT) quota for Peninsula Malaysia, Sabah and the Federal Territory of Labuan which will be released for application on 2<sup>nd</sup> of May 2014.

6. The quota release for 2014 marks an important milestone in the implementation of the FiT mechanism as the state of Sabah, and Federal Territory of Labuan will be participating in the FiT mechanism for the first time. The total FiT quota allocated for commercial operation by end of this year will be 65 MW and this covers the renewable energy sources of biogas, biomass, biomass (solid waste), small hydro, solar photovoltaics (PV) for the individuals, solar PV for the non-individuals, and a new category for solar PV for community.

7. In addition to the inclusion of the state of Sabah and the Federal Territory of Labuan, the Ministry of Energy, Green Technology and Water has also revised five of

the subsidiary legislations including those concerned with the Displaced Cost (DC) and the Technical and Operational Requirements (T&O) rules.

8. The DC has been revised upwards to reflect the increase in the cost of supply of electricity in Peninsular, Sabah and the Federal Territory of Labuan. The new DC will allow more quotas to be released from the expected amount of the Renewable Energy Fund (RE Fund) to be collected.

9. Whereas the amendment to the T&O subsidiary legislations include changes to some of the definitions in the subsidiary legislations in order to standardise them with the definitions used under the Electricity Supply Act 1990 and its associated regulations. The amendment will also result in a reduction in transaction cost incurred by renewable energy developers. For example, Solar PV installations with capacity of 12kW up to 425kW will only incur a connection confirmation check cost of between RM1,000 and RM5,000.

10. Previously, installations exceeding 180kW up to 1 MW require a Power System Study (PSS) that costs RM20,000.

11. Further refinements have been made to the FiT quota application process for large-scale solar PV exceeding 425 kW. Application for this category must be submitted manually to SEDA Malaysia. The applications must comply with all existing requirements under the e-FiT system as well as other additional conditions that will be disseminated by SEDA Malaysia through their website at [www.seda.gov.my](http://www.seda.gov.my) and stakeholders engagement workshops.

12. The FiT is a policy mechanism administered and managed by the Sustainable Energy Development Authority (SEDA) Malaysia as provided for under the Renewable Energy Act (Act 725).

13. Below is the quota for 2014 as well as estimation for the following years until 2017:

**Table 1: Schedule of Available RE Quota (MW) based on Commercial Operational Year (2014-2017)**

<b>Source/ Technology</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Biogas	10	15	15	15
Biomass	15	18	20	20
Biomass (Solid Waste)				15
Small hydro			50	100
Solar PV for. Ind	10	15	15	15
Solar PV for. Non Ind <425 kW	10	20	20	24
Solar PV for .Non Ind >425 kW	15	34	33	
Solar PV for Community	5	7	7	7
Geothermal			30	

14. However, the allocation for FiT quota is still available for the next 8 years after 2017 for non-solar PV technology.

15. To mark Sabah and WP Labuan's inaugural participation in the FiT, there is a special solar PV quota of 5MW for non-individual applications for Sabah and WP Labuan for application capacity of above 425kW and up to 2MW. To conclude, I wish to inform that as at end of February 2014, RM4.8million has been paid out to biogas, RM4.86million to small hydro, RM37.8million to biomass and RM40.9million to solar PV.