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PRESS RELEASE: FOR IMMEDIATE RELEASE

TO: NEWS EDITOR

SEDA MALAYSIA 'S RESPONSES TO ENQUIRIES BY YB DR ONG KIAN MING, 2ND MAY 2014: "WHY WAS 30MW OF GEOTHERMAL FIT QUOTA ALLOCATED VIA DIRECT NEGOTIATION TO TAWAU GREEN ENERGY (TGE) WHICH IS MAJORITY OWNED BY SABAH UMNO LEADERS?"

Putrajaya, Tuesday (6th May 2014): YB Dr Ong Kian Ming has posted 5 questions for the CEO of SEDA Malaysia to respond. This media release is a response to his enquiries:

1. Has this 30 MW Geothermal FIT Quota been awarded via direct negotiation to Tawau Green Energy?

SEDA Malaysia has not granted any Feed-in Approval for geothermal resources to any company including Tawau Green Energy. Although geothermal has been included in the Schedule of the Renewable Act 2011 [Act 725]¹ and the subsidiary legislation², which were gazetted on 26th December 2013, there is no tariff listed for geothermal resources because the rate is yet to be determined. SEDA Malaysia will include the tariff for geothermal resources in the Schedule of RE Act 2011 once the tariff is approved by the Ministry.

¹ P.U. (A) 373/2013 Renewable Energy (Criteria for Renewable Resources) (Amendment) Regulations 2013

² P.U. (A) 374/2013 Renewable Energy (Amendment of Schedule) (No.2) Order 2013

2. How could it have been awarded on the 8th of November 2013 when the gazette to introduce Geothermal Energy as a category in the Schedule of the RE Act was only published on the 24th of December 2013?

Based on the information extracted from <http://www.tgepower.com/announcement.html> as below:

Date: 8 November 2013

TGE has received confirmation from the Ministry of Energy, Green Technology and Water that:

- Geothermal energy qualifies as a renewable energy technology and will be incorporated under the Renewable Energy Act 2011; and
- TGE's 36MW geothermal power project at Apas Kiri qualifies for a feed-in tariff for a period of 21 years from commencement of commercial operations.

The information published by Tawau Green Energy (TGE) as at 8th November 2013 is true and valid due to the fact that geothermal energy qualifies as a renewable resource under the feed-in tariff mechanism. The resource had been included in the amendment of the Schedule of RE Act 2011 gazetted on 26th December 2013. SEDA Malaysia has not awarded any feed-in approval to TGE as has been claimed by YB Dr Ong KM. TGE like all applicants for feed-in approval, they will need to submit their applications which currently could not be done as the tariff has not been listed in the Schedule.

3. Did the Minister over-ride SEDA in deciding this FIT Quota allocation to Tawau Green Energy (TGE)?

Malaysia needs to diversify its energy supply portfolio and increase deployment of renewable energy to reduce reliance on fossil fuels which currently has a majority share of the energy mix. This principle has been a national agenda since the 8th Malaysia Plan which resulted in the Five Fuel Policy and later the National Renewable Energy Policy and Action Plan approved by the Government. SEDA Malaysia is

entrusted with the key role of developing the sustainable energy sector especially the renewable energy through the implementation of the feed-in tariff mechanism.

SEDA Malaysia is aware TGE is undertaking the effort to develop its geothermal power plant as it was approved under the Small Renewable Power Programme (SREP) Project by the Ministry in 2010 before the feed-in tariff is implemented. As had been clarified in Question 1, SEDA Malaysia has not granted any feed-in tariff approval to TGE thus the assumption the Minister over-ride SEDA Malaysia in deciding the quota allocation to the company is absolutely untrue. TGE will have to submit applications and adhere to all procedures to be eligible and qualify to become a feed-in approval holder under the RE Act 2011.

4. What is the FIT rate for geothermal energy for this FIT Quota?

The FiT rate for geothermal has not been published and included in the Schedule of RE Act 2011. This due to the fact the Authority is still conducting the due diligence to determine the precise design of the geothermal FiT structure.

5. Will more direct negotiations be decided by the Minister for KeTTHA especially for the very much sought after solar PV quota above 425kWh?

SEDA Malaysia has received the directive from the Ministry for larger solar PV system (> 425 kW) to be implemented from electronic to manual submission. This method is to address the digital disadvantage faced by some solar PV service providers from Sabah and WP Labuan who are less familiar with the e-FiT online system compared with those from Peninsular Malaysia. The manual system is an alternative method employed to ensure all applications are given an equal and fair opportunity to participate and compete with other applicants. The role of the Authority in the manual submission is to ascertain compliance to all legal and administrative procedures by the applicants. Successful applications will be forwarded to the Ministry of Energy, Green Technology and Water for final decisions. The Authority shall duly inform the successful applicants once the decision is made.

It is an unfounded assumption for projects above 425kW to be decided directly by the Minister of Energy, Green Technology and Water. Based on the current process and procedures in place for feed-in tariff applications direct negotiations of all renewable energy projects under the feed-in tariff mechanism is strictly forbidden which includes all solar PV projects for the non- individuals category under the RE Act 2011.

Moving forward, SEDA Malaysia hopes the agency's drive to promote renewable energy in the country continues to receive support from all members of Parliament in our quest to achieve the national objective of energy security and autonomy, and mitigate climate change.

Datin Badriyah Abdul Malek,
Chief Executive Officer,
SEDA Malaysia.

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