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TO: NEWS EDITOR

MESTECC PROVIDED UPDATE ON THE NEW NET ENERGY METERING (NEM) & POLICY ON NEW SOLAR PV BUSINESSES BEHIND-THE-METER

Kuala Lumpur, Friday (23 November 2018) – The Government intends to provide sustainable, reliable and affordable solar energy for Malaysians through new policies commencing 1 January 2019 said YB Puan Yeo Bee Yin Minister of Energy, Science, Technology, Environment and Climate Change (MESTECC).

The new policies, the **New Net Energy Metering (NEM) Scheme** and **Supply Agreement for Renewable Energy (SARE)** which was announced recently at IGEM 2018, were introduced to create a fertile ground to grow the solar industry by opening the market and subsequently move the local players to become regional solutions provider.

“I hope our solar players will not only share the solar solutions pie in Malaysia but become market leaders by providing solar solutions to other countries in ASEAN,” said YB Puan Yeo Bee Yin in her opening speech at a dialogue session with solar photovoltaic (PV) industry players on Thursday 22 November 2018.

Organised by Sustainable Energy Development Authority (SEDA) Malaysia with the cooperation of the Energy Commission (ST) and TNB, the session saw more than 300 participants from 113 companies.

1. Changes under the New NEM scheme

Effective 1st January 2019, the new NEM scheme will be improved from net billing concept to the pure net energy metering scheme. This will help improve the return of investment of solar PV under the NEM scheme. Under the existing net billing, excess electricity is sold to TNB at displaced cost (31 cents per kWh) but under the new scheme, monthly electricity bill will be consumption (from TNB) minus generation (from solar) multiply with retail electricity tariff. This will result in additional electricity savings per month and will help in return of investment in solar photovoltaic (PV) system.

The new NEM scheme is only applicable to Peninsular Malaysia and applicants must be registered TNB customers. Previously approved NEM applicants from Sabah shall be converted from NEM to self-consumption scheme.

The table below shows the quota allocation for the domestic and non-domestic, including the balance of quota up to 2020.

PROPOSED QUOTA ALLOCATION*				
Location		Peninsular Malaysia		
Year		2019-2020		
		Quota Allocated (MW)	Quota Taken (MW)	Quota Balance for Applications (MW)
Category of Consumers	Domestic/ Residential	50	2	48
	Agriculture	450	18	432
	Commercial			
	Industrial			
TOTAL		500	20	480

* The new NEM scheme is only applicable to Peninsular Malaysia (registered TNB users)

The quota allocation for NEM is 500 MW_{ac} up to 2020. Quota allocation will be divided into domestic and non-domestic category. Agriculture will be a new category to be added to the NEM scheme.

Changes to the guidelines of NEM can be found in www.seda.gov.my

2. Purchase Modes

Under the new NEM and Self-Consumption schemes, there are a few purchase modes available for customers.

OUTRIGHT PURCHASE		VIA DIRECT/SARE	
Cash Term	Loan	Solar PPA	Solar Lease

Under solar Power Purchase Agreement (PPA): customers pay for solar energy generated (RM/kWh) but do not own the solar PV system over an agreed tenure whereas under the Solar Leasing (hire purchase): customers pay monthly instalment for solar PV system over an agreed tenure and negotiate on out front down payment.

Customers have the options of having solar PPA or leasing:

- Direct with solar investor/lessor;
- Via TNB's Supply Agreement for Renewable Energy (SARE).

The SARE is a platform provided by TNB for business models behind-the-meter such as solar leasing, PPA, hybrid of both, as an alternate to direct mode with customers. With the SARE, TNB does the billing, collection & remittance of

payment by customers to solar lessors/investors in return for a service fee (2sen/kWh).

3. New Policy & Requirements for Foreign Investors

The foreign participation as investors/lessors is allowed for solar PV projects of above 250kW with the following requirements:

- Companies must be incorporated locally;
- Companies must have minimum paid-up capital of at least RM10 million;
- Companies are required to have 100% local Engineering, Procurement and Construction (EPC) and EPC contractors must be locally sourced by engaging local PV service providers;
- In terms of operations, a minimum of 80% local employment is required.



From left: Dialogue session moderated by Ts. Dr. Wei-nee Chen, Acting CEO of SEDA. Panelists are Mr. Abdul Razib Bin Dawood, COO of Energy Commission, YB Puan Yeo Bee Yin, Minister of MESTECC, Mr. Sansubari Che Mud, General Manager (Sustainable Energy Development), TNB and Ir. Nirinder Singh Johl, Managing Director of TNBX Sdn Bhd

ENDS.

About SEDA

Sustainable Energy Development Authority (SEDA) Malaysia is a statutory body reporting to the Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC). SEDA was established in September 2011 under the SEDA Act 2011 [Act 726] with the key purpose of driving the renewable energy and energy efficiency agenda in the country.

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