

UTILITIES

By GANESHWARAN KANA
ganeshwaran@thestar.com.my

ECONOMY Minister Rafizi Ramli was very honest when he admitted that bureaucracy and non-streamlined government policies have often limited the private sector from fully embracing green technology.

Citing Sime Darby Property Bhd as an example, he says the developer had faced issues in rolling out solar panels for its townships.

“Application for solar power quota had to be made individually by the buyers. So, it becomes quite restrictive to large-scale property developers.

“They can’t package the whole thing as part and parcel of the township.

“The best that they can do is to wait for the buyers to apply for the quotas themselves first,” he told reporters after launching the National Energy Transition Roadmap (NETR) on Thursday.

With the NETR, Rafizi, or rather the administration of Datuk Seri Anwar Ibrahim, is committed to bringing such issues to an end.

The government wants to simplify the process behind solar power quota applications, allowing large-scale urban property developers to include solar panels in their full pricing packages.

Ultimately, property developers can also venture into energy storage systems (ESS) for the townships, Rafizi says.

This is just one example of how accelerated public-private partnerships can take place under the NETR.

The minister was loud and clear that the government is willing to work closely with businesses to fast-track and facilitate their involvement in the renewable energy (RE) landscape.

This includes expedited policy changes and incentives from the government’s side in making sure that committed clean energy projects can take off as per their timeline.

The NETR aims to provide clarity for the business sector, particularly on how the government plans to transform the RE scene into something that is innovation-driven and sufficiently profitable in the long run.

The first part of the NETR outlined 10 flagship catalytic projects based on six energy transition levers, namely, energy efficiency; RE; hydrogen; bioenergy; green mobility; and carbon capture, utilisation and storage or CCUS.

Meanwhile, the second and final part of the NETR will focus on establishing the low-carbon pathway, energy mix and emissions reduction targets needed for the energy sector.

Particularly on hydrogen, Rafizi sees the development of hydrogen capabilities as an opportunity for Malaysia to take the lead in the field of alternative fuel, much like the early days of liquefied natural gas when Malaysia helped countries in the Middle East build the entire chain in the 1980s.

Citing similarities with the situation then, the minister acknowledges the progress made in Sarawak, which is very much ahead in terms of expertise and implementation

The government’s enthusiasm in spearheading transformation in the country’s RE journey seems to be well-received by the

Expediting Malaysia’s energy transformation journey

Eliminating bureaucracy and bridging funding gaps to benefit business will be the government’s main challenges in fully implementing the National Energy Transition Roadmap



Objective view: Rafizi has been honest in admitting that bureaucracy and non-streamlined government policies have often limited the private sector from fully embracing green technology.

“By implementing large-scale, growth-inducing RE projects, Malaysia will not only attract foreign direct investment, but this will also be a new multiplier effect for our economy.”

Tan Sri Mohamad Norza Zakaria



investing community.

The Invest Malaysia event, where the NETR was launched, was packed with fund managers, analysts, decision makers and other industry players.

The NETR, expected to open up investment opportunities between RM435bil and RM1.85 trillion by 2050, is designed to be primarily driven by the private sector, with government agencies to be strategic facilitators.

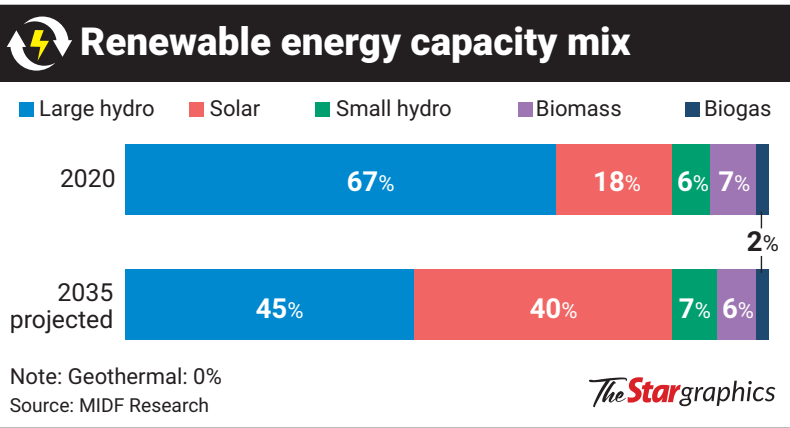
The roadmap is not merely about energy transition, but also about creating an entire economic ecosystem by tapping into energy transition potentials.

RHB Research is positive on the NETR as it paves the way to expedite energy transition in Malaysia, lifting the RE projects’ potential returns via energy exports.

However, the research house cautions that the success of the NETR still depends on diligent execution and stringent policy implementation.

In the past, Malaysia has seen the introduction of many blueprints and policy documents. But amid changes in ministers, poor implementation and policy flip-flops, many of the ambitious plans have failed to achieve their intended targets.

Hence, this time around, how different will the NETR be? Can the current government implement the NETR in the best way it was intended?



undercapacity, yet it accounts for 35% of Malaysia’s RE resource. Hence, we believe the move to unlock Sabah’s RE potential is a step in the right direction,” it says.

Beyond implementation issues, a key risk that could affect the NETR’s success is the availability of funding. While the private sector is increasingly eager to undertake RE-related projects, funding by traditional and alternative financing providers should also grow in tandem.

Tan Sri Mohamad Norza Zakaria, the executive chairman and president of Citaglobal Bhd, highlights that public funding alone might not be enough for the country’s energy transition journey.

This is considering the fact that the quantum of investments into renewables as a whole is very high, he says.

“If we could encourage investments from international organisations, financial institutions and investors to come into the Malaysian RE segment, this would be a big boost not just to the sector but to the economy as a whole.

“The positive is that ESG is now high on the checklist of most governments and corporations. Hence, there likely won’t be a shortage of international investors,” he says.

Mohamad Norza notes that the demand from institutional investors looking to invest in renewables is already high at the moment, especially for RE projects that offer attractive rates of returns.

“By implementing large-scale, growth-inducing RE projects, Malaysia will not only attract foreign direct investment, but this will also be a new multiplier effect for our economy,” according to him.

“We learnt that these hybrid projects are being considered for export capacity to Singapore, which requires a rather demanding 75% load factor for clean energy supply.

“TNB is also investing some RM35bil for grid development between 2025 and 2030, which it expects to recover via higher tariffs for RE export and green programmes for consumers,” according to MIDF Research.

MIDF Research also points out that the NETR’s focus on Sabah energy security is a “pleasant surprise”.

“Sabah suffers from (power)

Sunview Group Bhd and Pekat Group Bhd.

Reservoir Link Energy Bhd, a sub-contractor and mounting structure provider, will also benefit from higher job flows, according to RHB Research.

“Assuming an EPCC contract is valued at RM2.5mil per MW, a minimum four-GW solar capacity investment could translate to about RM10bil worth of job opportunities for such players in the next few years.

“We believe this is a structural uplift to these operators, given that previous large-scale solar (LSS) or Corporate Green Power Programme or CGPP rollout is only 800MW to 1,000MW per cycle,” it says.

The NETR also aims to establish a pilot RE zone that will encompass an industrial park, zero-carbon city, residential development and data centre.

“We believe rising data centre investment could potentially benefit data centre developers and contractors such as YTL, Power International Bhd, Gamuda Bhd, MN Holdings Bhd and Sunway Construction Group Bhd,” adds RHB Research.

Meanwhile, Kenanga Research applauds two important policy decisions by the government, namely, lifting the export ban on RE and the setting up of a central electricity exchange operated by a single-market aggregator.

This would enable the rapid scaling up of RE production in the country, in line with the government’s revised target for RE to be 70% of Malaysia’s total energy mix by 2050.

“The higher target is expected to create new economic opportunities in addition to attracting multinational companies, especially RE100 to operate in Malaysia.

“According to the World Economic Forum’s Energy Transition Index 2023, Malaysia is ranked as the best country in South-East Asia in terms of readiness to transition to RE.

“We are second among emerging countries and 35th globally,” says Kenanga Research.

In addition to analysts, a number of business leaders have



High power: One of the wind turbines in TNB’s solar-wind-diesel hybrid power-generating system on Pulau Perhentian Kecil. The firm is investing RM35bil for grid development between 2025 and 2030.

voiced their support following the launch of the NETR.

One of them is Solarvest’s executive director and group chief executive officer Davis Chong Chun Shiong, who says that the NETR demonstrates a clear and promising direction for the country’s energy future.

“We are looking forward to the development of utility-scale ESS, which will accelerate RE transition with private sector investment and enhance the grid stability and reliability.

“The forthcoming Energy Efficiency and Conservation Act (EECA) is set to play a role in regulating energy-intensive users, buildings and products, further bolstering Malaysia’s journey towards a greener and more energy-efficient nation,” he says.

According to Chong, Solarvest is delighted with the Sarawak Hydrogen Hub initiative, as the company has already launched its test bed at the Centre for Technology Excellence Sarawak in the last few months.

Green hydrogen, produced through electrolysis using electricity from solar energy, offers a transformative opportunity as it offers a lower cost of production.

Green hydrogen plays a vital role in RE integration as excess solar energy can be harnessed for hydrogen production, enhancing the grid’s ability to integrate RE sources effectively.

“Hydrogen acts as a balancing mechanism, adding flexibility and stability to the overall energy system.

“This synergy between solar and hydrogen technologies holds great potential for Solarvest in advancing sustainable and efficient energy solutions,” he says.

Looking ahead, Chong says the green mobility ecosystem presents exciting opportunities, especially with the government’s plans to instal 10,000 electric charging stations along highways and at selected commercial buildings.

“At Solarvest, we are actively exploring vehicle-to-grid (V2G) technology, aiming to turn EVs into mobile batteries that efficiently charge and discharge electricity,” he adds.

According to Chong, Solarvest is excited about the decision to allow cross-border RE trade through the establishment of an electricity exchange system.

“We are looking forward to the government’s selection of private sector players to actively contribute to all the energy transition initiatives outlined in the NETR, along with the timeline for kick-starting and completing these projects for the successful realisation of Malaysia’s transition towards a low-carbon economy,” he adds.

Citaglobal’s Mohamad Norza



Chong: We are looking forward to the government’s selection of private sector players to actively contribute to all the energy transition initiatives outlined in the NETR.

also welcomes the government’s proactive measures under the NETR. He expressed his hopes that the government will provide the necessary incentives and policies to assist the private sector.

On its part, Citaglobal has been actively venturing into different areas of RE. For example, in June 2023, Citaglobal inked a memorandum of understanding (MoU) with PETRONAS Global Technical Solutions Sdn Bhd for the strategic collaboration in RE technologies such as battery energy storage system, waste to energy and CCUS, among others.

This week, the company signed an MoU with Abu Dhabi Future Energy Company PJSC, which may pave the way for the development of a two-GW solar farm in Pahang to meet local and export RE demands.

“We are also already in the midst of partnering with extremely reputable and established players to produce affordable renewables that can both reduce our emissions significantly, and diversify our energy supply.

“For RE technology to be a Malaysian mass public good, we welcome policies and processes in place to encourage participation and incentivise investments.

“Perhaps the streamlining of regulatory processes to avoid bottlenecks and red tape will be helpful to all players,” Mohamad Norza says.

At the launch of the NETR, Rafizi made a big promise to the industry players that the scale of reforms that will be put in place under the roadmap had only happened once or twice in Malaysia’s history.

Going forward, the market will keep a watchful eye on the government, monitoring whether the measures under the NETR are delivered as promised.

If that is accomplished, Malaysia may rise to be a global leader in energy transition, with local companies being key players in the global RE landscape.

Ekonomi Madani: Setting the stage for the country’s next industrial take-off

By TENGKU ZAFRUL ABDUL AZIZ

THE foundations for the Malaysian economy’s next take-off have been laid with Prime Minister Datuk Seri Anwar Ibrahim launching the *Ekonomi Madani: Memperkasa Rakyat* economic framework on July 27, 2023.

Its mission to elevate Malaysia’s economy is very clear. While it was expected that the plan would be responsive to the rakyat’s current challenges, such as the rising cost of living, commendably it also attempts to fix structural issues, such as the relatively slower growth in wages.

The Prime Minister has set seven bold goals, including making Malaysia one of the 30 largest economies of the world, as well as in the top 12 on competitiveness and ease of doing business, with annual economic growth exceeding 6% and budget deficits lower than 3% of gross domestic product.

As I am helming the Ministry of Investment, Trade and Industry (Miti), I was excited to note that a large part of the measures announced are within Miti’s portfolio, and we do not even mind the large amount of work ahead!

NIMP 2030 a key success factor for economic transformation

A major plank of the *Ekonomi Madani* is the New Industrial Master Plan (NIMP) 2030, which we are currently finalising for the Prime Minister to launch in August.

The outward-looking NIMP will seek to reverse Malaysia’s premature de-industrialisation and being trapped in lower-value processes in the global value chain.

A key success factor is the NIMP’s shift away from a sectoral focus, and towards the prioritisation of four national missions, ie, advancing economic complexity, tech-up for a digitally vibrant nation, push for net-zero and safeguarding economic security and inclusivity.

Being mission-based means that all industries can thrive without “blue-eyed sectors” being prioritised. Instead, the rising tide will lift all boats – in all sectors and all business sizes, big or small.

With a strong focus on strengthening existing linkages, and developing new industrial clusters, we have clear plans to incorporate more SMEs into higher-value supply chains, which in turn increases labour productivity and wages.

This will also need a strong commitment from industry players to do their part by doing what is right by their workers. Many investors in the industrial sector have personally told me that they really do not mind paying better wages progressively, provided productivity also rises.

Indeed, there must be a buy-in from all the different actors in the economy, to look beyond corporate earnings but also consider their contribution to the longer-term socio-economic well-being

and broader national interest.

Ultimately, the creation of a larger middle class with strong spending power will boost domestic consumption, generating the much-needed broad-based economic growth to make us a higher-income nation.

Strengthening investment infrastructure; capitalising on regional opportunities

Ekonomi Madani seeks to establish Malaysia as a leading global investment destination.

Work is underway to upgrade industrial areas with “greener” infrastructure to support our net-zero target by 2050, given that the industrial sector is a key contributor to carbon emissions.

We will also need to ramp up our investment promotion to compete aggressively for capital, even as we pair investment incentives with conditions such as generating a minimum number of high-income jobs.

In fact, Miti had already started working on many initiatives to improve the investment landscape.

A key initiative is by making the Malaysian Investment Development Authority (Mida) the main investment promotion agency to ensure more streamlined interactions with investors.

We are also putting in place dashboards to monitor key performance indicators (KPIs) for both foreign direct investment (FDI) and domestic direct investment (DDI), as well as KPIs for easing the investor’s journey.

Thus far, we have attracted more than RM71.4bil in approved investments in the first quarter of 2023 (1Q23), almost 60% higher compared with 1Q22. In our Asia-focused trade and investment missions in the first-half of 2023, we have generated more than RM230bil in potential investments and almost RM10bil in prospective trade.

The *Ekonomi Madani* plan rightfully recognises that Malaysia must integrate itself more fully into Asean and seek to become one of its leading economies.

This requires adroit trade diplomacy and developing more local companies to penetrate the Asean market. Via the NIMP, we will improve the value-add for sectors like electrical and electronic products (E&E), and welcome the Madani measure to nurture Penang’s E&E beyond lower value outsourced semiconductor assembly and test (OSAT), and towards more on high-value industries such as IC design.

What is equally game-changing in the plan is that DDI is now also a KPI for Malaysia’s investment performance.

I have long argued that DDI is as important as FDI. Having a healthy mix can help to preserve our economy from external shocks like geopolitical uncertainty and disrupted supply chains.

Stronger DDI participation by

government-linked investment companies (GLICs) and government-linked companies (GLCs) will also help develop new target sectors – aerospace, digital economy, chemicals, E&E and pharmaceutical – that enhance Malaysia’s economic complexity and global competitiveness.

In my opinion, nothing spells confidence in a country and its future better than its own domestic investors ploughing their funds back into the country. In effect, DDI is a vote for Malaysia by Malaysians.

Attracting and nurturing high-skilled talent

To achieve industrial transformation, high-skilled talent is key.

Competition for talent has become fiercer, and only countries that have a reliable pool of highly-skilled human capital will come out on top.

Hence, another noteworthy focus of the *Ekonomi Madani* concept is its proposed reinforcement of Malaysian talent pipelines by ensuring that national education – including technical and vocational education and training or TVET – becomes demand-driven and responsive to industry.

For the short term, however, I am also confident investors welcome the special financial zone in Johor to attract global investors and knowledge workers to reside in Malaysia.

We have also begun our bid to attract global talent through a special immigration facility for strategic investors and nomad workers in the manufacturing sector, ie, via the Strategic Investor Pass and the DE Rantau Digital Nomad Pass.

Meanwhile, we also welcome improvements to the Malaysia My Second Home (MM2H) and Visa-On-Arrival facilities.

Propelling the next economic take-off

Overall, the *Ekonomi Madani* framework and NIMP2030 give us a sense of mission, purpose and urgency, because what is really at stake is the nation’s survival rather than political careers.

The building of *Ekonomi Madani* will take time and I am sure there are many more measures via Budget 2024, but the recent announcement is surely a solid bridge to the future.

Miti will give its utmost to support the mission to elevate Malaysia’s economy by raising the floor of stronger social protection; and raising the ceiling to accelerate growth, to make our beloved country a dominant economic force in Asia.

All of us must play our role and it is time we get down to business and propel the Malaysian economy towards even greater heights. So, buckle-up Malaysians, and get ready for our next economic take-off!

Tengku Datuk Seri Zafrul Abdul Aziz is Minister of Investment, Trade and Industry. The views expressed here are the writer’s own.