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Energy Roadmap: Malaysia to have Asean's largest solar plant, mechanisms for households to earn income leasing rooftops for solar PV

KUALA LUMPUR (July 27): Malaysia will build Asean's largest integrated solar photovoltaic (PV) plant, according to the National Energy Transition Roadmap (NETR) launched on Thursday (July 27), and the country will also introduce a mechanism that allows households to earn income by leasing out rooftops for solar panel installations.

Economy Minister Mohd Rafizi Ramli, when announcing Phase 1 of the NETR here, revealed the setting up of a one-gigawatt (GW) integrated renewable energy (RE) zone, led by Khazanah Nasional Bhd, which will be carried out by a joint venture between UEM Group and Itramas Corp.

The NETR underlines 10 flagship catalyst initiatives to transform Malaysia's economy by "opening up profitable ventures that are good for the environment and economy", Rafizi said.

These flagship projects are expected to generate over RM25 billion in total investments, 23,000 job opportunities, and a reduction of over 10,000Gg of CO2 equivalent per year.

The road map is a result of efforts to seek a new direction that could “combine Malaysia’s existing strength, take advantage of global megatrends, and fundamentally transform how our economy works”, Rafizi said.

The government sees the energy transition as a “real opportunity to find our place in the world and in this region”, he added.

The 10 initiatives are: an efficient switch to encourage energy efficiency; RE zone; utility scale energy storage system; energy security in Sabah; green hydrogen in Sarawak, co-firing of hydrogen and ammonia led by Tenaga Nasional Bhd (TNB) in collaboration with Petroliam Nasional Bhd (Petronas); biomass demand creation; future mobility; future fuel; and carbon capture and storage.

Five large-scale solar parks to be co-developed by TNB

Phase 1 of the NETR also underlines the setting up of five centralised large-scale solar parks with 100MW capacity each, co-developed by TNB. TNB will also develop 2.5GW of hybrid hydro-floating solar PV projects at its hydro dams.

Natural Resources, Environment and Climate Change Minister Nik Nazmi Nik Ahmad, speaking at a panel session after the launch, said the NETR “is where the economics of it comes in to push through the transition”.

On the household rooftop solar initiative, Rafizi said Sime Darby Property Bhd had committed to the installation of 4.5MW solar capacity across 450 homes as a start, with up to 10kW capacity per house.

The government’s vision “is to see solar panels installed nationwide”, including atop homes, mosques, halls and factories, he said.

Under the Net Energy Metering Rakyat programme, the current approach to residential rooftop solar requires users to fork out huge capital expenditure. Capex for a 4.5 kWp residential rooftop solar starts at around RM20,000 to offset a few hundred ringgit in monthly electricity bills.

A typical landed house can instal even higher capacity, given a bigger rooftop size. For households that consume less electricity, the excess electricity generated is kept as credit. That credit can be used to offset future consumption or bills in other properties owned by the consumer — but it can be rolled over for just one year under current guidelines.

The new government has announced a slew of policy relaxations in recent months to spur RE demand and supply. This includes lifting of the RE export ban, and increasing the individual and total quota for solar rooftop installations and larger-scale projects.

Phase 2 to focus on national energy mix and emission reduction targets

Phase 2 of the NETR will focus on establishing the low-carbon pathway, national energy mix and emission reduction targets, as well as the enablers needed for the energy transition, the report said.

The government is also in the midst of developing the Long-Term Low Emissions Development Strategy (LT-LEDS) to outline its policies and actions for greenhouse gas mitigation in key economic sectors, including energy.