

Green Technology

In line with Malaysia's aim to become an inclusive and sustainable advanced nation by 2020, Green Technology (GT) has been identified as a driver of the future economy for the nation that would contribute to the overall Green Growth and Sustainable Development. Under the National Green Technology Policy, the cross-sectoral GT focuses on four sectors namely energy, building, waste management and transportation.

Renewable Energy

Malaysia is emphasizing greater importance for Renewable Energy (RE) generation through specifically formulated policies and initiatives to spur the growth of the sector as a major step towards green economy. Other than the Feed-in-Tariff (FiT) mechanism, the Net Energy Metering (NEM) and Large Scale Solar (LSS) Photovoltaic plant schemes were introduced in 2016 to boost RE generation. NEM benefits users in terms of savings in electricity bill through reduced electricity usage and energy credit from solar power generation while LSS allows developers to produce renewable energy in larger capacities.

In 2018, a total of 175 projects in renewable energy with total investments of RM3.0 billion were approved incentives, of which 95.4 per cent comprised domestic investments and 4.6 per cent foreign investment. These projects are expected to create 547 employment opportunities in this sub-sector. In comparison, in 2017 a total of 52 projects in renewable energy were approved incentives with total investments of RM1.13 billion.

The approved investments include 161 projects (RM2.5 billion) that will generate energy from solar power, 10 projects (RM182.3 million) from biogas, 3 projects (RM320.7 million) from mini-hydro and one project (RM24 million) from biomass as the sources of energy generation.

Energy Efficiency

As price of energy steadily increases over the years, there is a need to adopt energy efficiency measures to ensure productive use of energy and minimize waste. The use and adoption of energy efficiency systems and technology is encouraged through introduction of incentives and import duty exemptions on qualified machines and components. Consecutively, energy efficiency activities also provide opportunities for energy service companies (ESCOs) to provide energy efficiency services to potential clients.

In 2018, a total of 53 projects in energy efficiency with total investments of RM139.1 million were approved and undertaken by the industrial and commercial sector. Domestic investors provided the bulk of the investments amounting to RM125.6 million on total investment approved while RM13.5 million was contributed by foreign investors. These projects are expected to create 111 new jobs for Malaysia.

Green Technology Incentive

Under the provision of Budget 2014, tax incentives for Green Technology in the form of green Investment Tax Allowance (ITA) for the purchase of green technology assets and Income Tax Exemption (ITE) on the use of green technology services and system were introduced to further strengthen the development of green technology.

Application for incentive is to be submitted to MIDA for green technology projects and services, and to Malaysian Green Technology Corporation (MGTC) for purchase of green technology assets as listed in MyHijau Directory, by 31 December 2020. Projects which qualify for this incentive are renewable energy; energy efficiency; integrated waste management and green building / green data centre. In addition, eligible services activities include system integration of renewable energy; energy services; services related to green building / green data centre; green certification of products, equipment & building; and Green Township.