



Malaysia solar energy for the environment

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In recent years, Malaysia has made significant strides in advancing its solar energy sector, recognizing the pivotal role of renewable energy in achieving sustainability goals and reducing carbon emissions. With bold aspirations outlined in the National Energy Transition Roadmap (NETR), Malaysia aims to skyrocket its solar energy capacity from a modest 4 percent to an impressive 58 percent by 2050.

Furthermore, the government has pledged to escalate renewable energy (RE) capacity to 70 percent by 2050, aligning with the national aspiration of achieving net zero greenhouse gas emissions by 2050. With abundant sunlight throughout the year, Malaysia possesses significant potential for solar energy generation.

Despite Malaysia's position as the world's third-largest manufacturer of solar panels and its abundant sunlight, the nation's transition to renewable energy has been sluggish. While factories across the country churn out millions of solar panels fueled by investments from global players, Malaysia's own energy mix remains heavily reliant on coal and gas. Recent statistics show that renewables contribute a modest portion to electricity production, lagging behind other countries in the region.

The International Renewable Energy Agency (Irena) has issued a warning, emphasizing the urgent need for Malaysia to double its investment in transitioning to renewables to meet international climate pledges. Despite the potential of solar power, both at an industrial and domestic level, there's a significant gap between Malaysia's solar panel production and its domestic renewable energy adoption, highlighting the need for accelerated efforts to embrace solar energy and drive the country's transition towards sustainability.

The Malaysian Ministry of Natural Resources, Environment, and Climate Change, led by Minister Nik Nazmi Nik Ahmad, aims to accelerate the country's transition to renewable energy (RE). However, this endeavor presents challenges, given Malaysia's reliance on fossil fuels and status as a petroleum exporter. To boost RE capacity, the ministry is considering lifting the ban on RE exports, especially to Singapore. This proposal has sparked debate among industry stakeholders regarding its potential benefits and drawbacks.

Malaysia has established ambitious targets for renewable energy (RE) incorporation, aiming for it to constitute 31 percent of the nation's power generation mix by 2025 and 40 percent by 2035. Notably, large-scale solar initiatives, such as those managed by Tenaga Nasional Bhd (TNB) in Kuala Langat, Selangor, and Bukit Selambau, Kedah, have the capacity to power up to 30,000 households.

However, experts suggest that a significant portion of the projected installed solar capacity of 4,706MW by 2025 will likely be derived from rooftop installations on residential and commercial buildings.

Many industry observers have highlighted that government policy reforms play a crucial role in creating a conducive environment for solar energy growth. For instance, cost remains a significant consideration for residential consumers, where the cost of installing solar panels in Malaysia varies depending on factors such as roof size and house type, ranging from an average of RM45,000 for a terraced house to RM95,000 for a bungalow.

It is important that the government should focus on initiatives aimed at making renewable energy accessible to all Malaysians, including those in rural or underserved areas. This will not only help reduce reliance on fossil fuels but also contribute to sustainable development and economic growth in the country. Providing incentives and subsidies for renewable energy projects in these areas can help accelerate the transition to a more sustainable energy system, eventually leading to more solar panel sales and installations.

Furthermore, securing financing for solar PV installation in Malaysia has been challenging for individuals due to bankers' unfamiliarity with the industry's risks and liabilities. To address this, the government introduced the Green Technology Fund Scheme (GTFS) in 2010, allocating RM1.5 billion to finance green projects. Companies obtaining loans from participating banks receive a 2 percent interest subsidy and a 60 percent government guarantee on the approved loan.

Additionally, the government offered green technology incentives such as the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) to incentivize companies engaging in green projects. However, these incentives are not accessible to individuals or household investors in Malaysia, thus limiting financial support and fiscal incentives to companies exclusively.

Local companies in Malaysia's solar energy sector are actively striving to overcome the challenges hindering solar energy adoption in the country. By harnessing innovative technologies and advocating for policy reforms, these companies are driving the nation's solar energy transition forward. Through strategic partnerships and community engagement initiatives, companies like ourselves, Verdant Solar, aim to make renewable energy more accessible to all Malaysians.

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