



CAPTURING SOLAR ENERGY FDI OPPORTUNITIES

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CONTENT OUTLINE

MALAYSIA: TOWARDS A GREEN ECONOMY

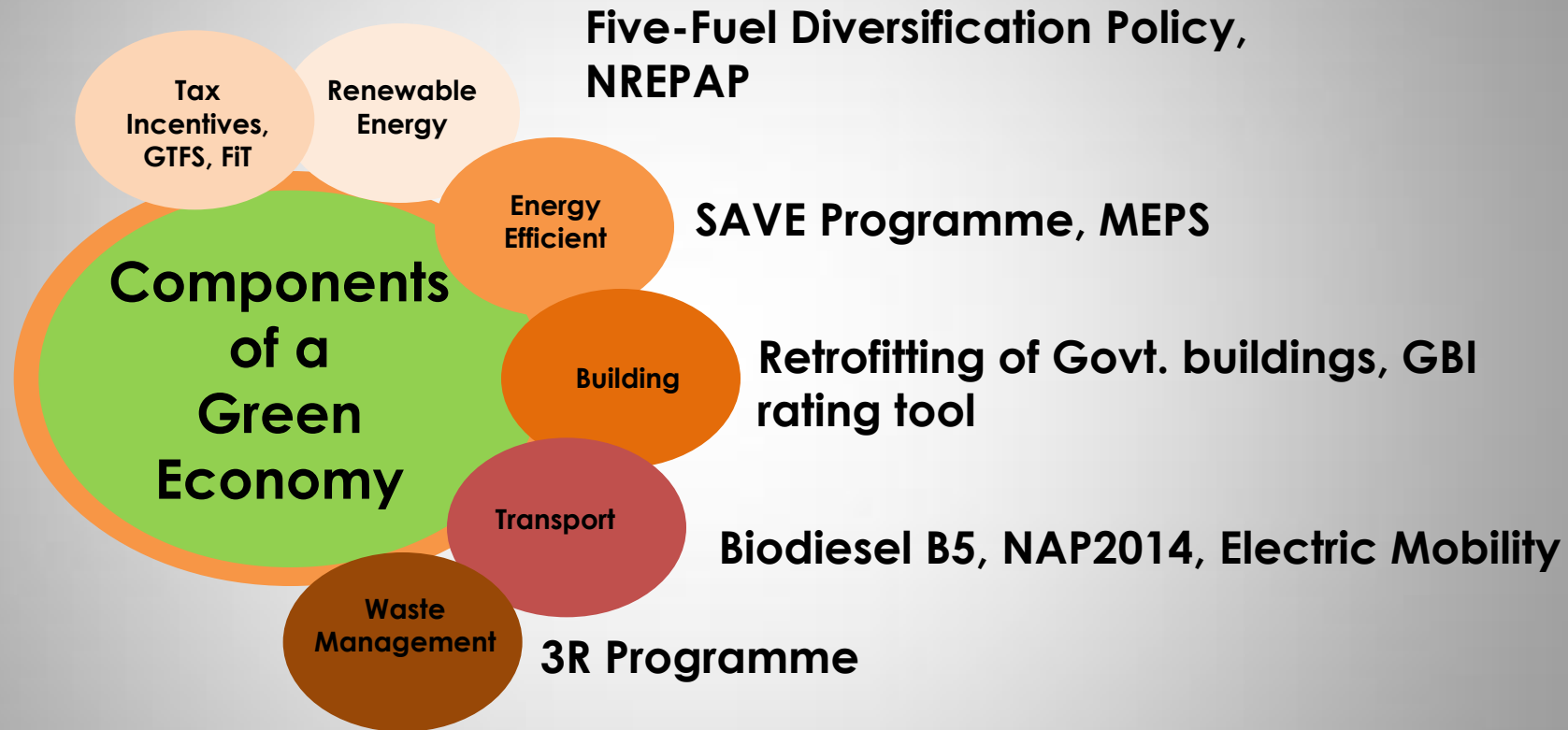
INVESTMENT STRATEGIES

WHY INVEST IN SOLAR

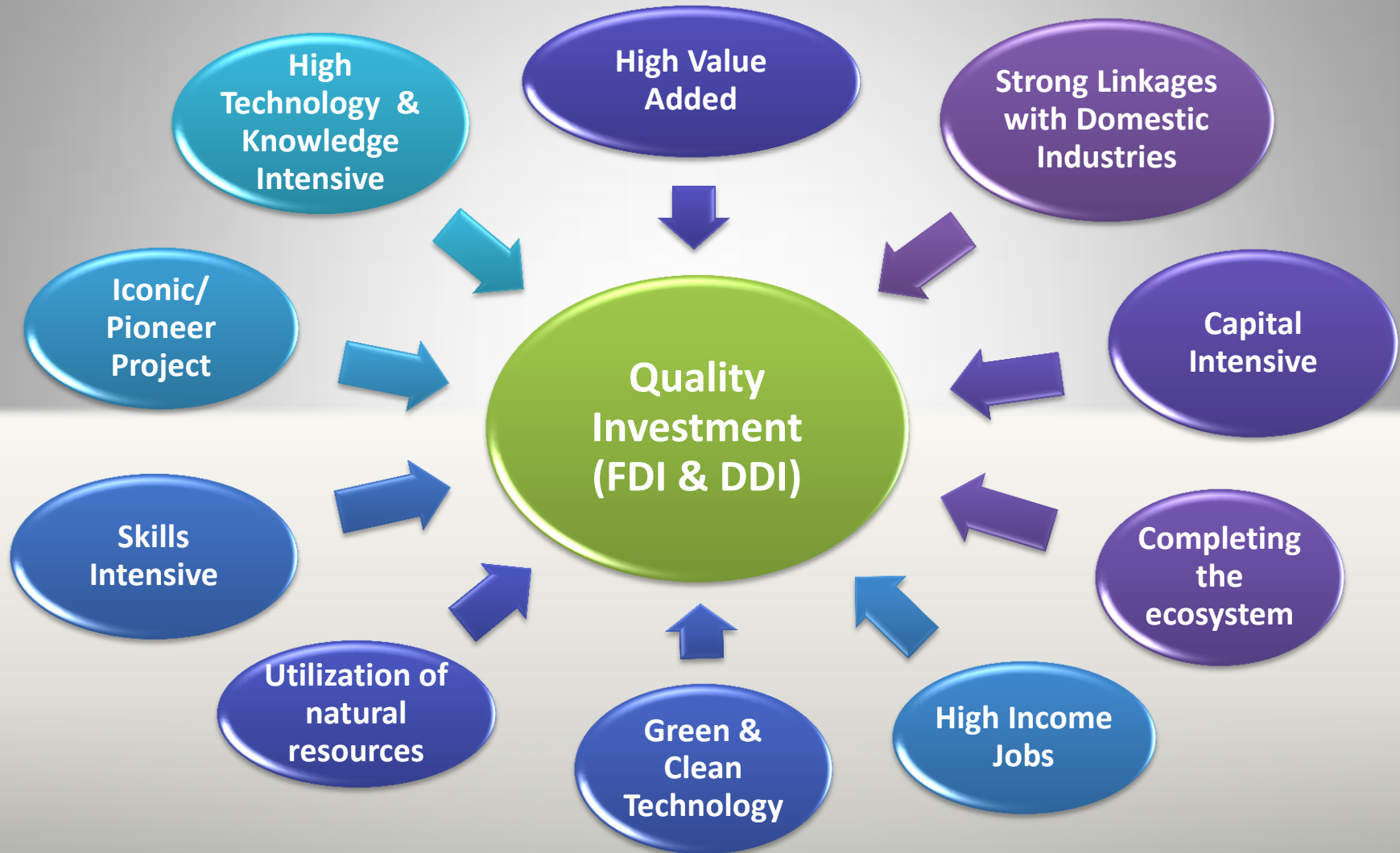
STATUS OF SOLAR INDUSTRY

GOVERNMENT INCENTIVES

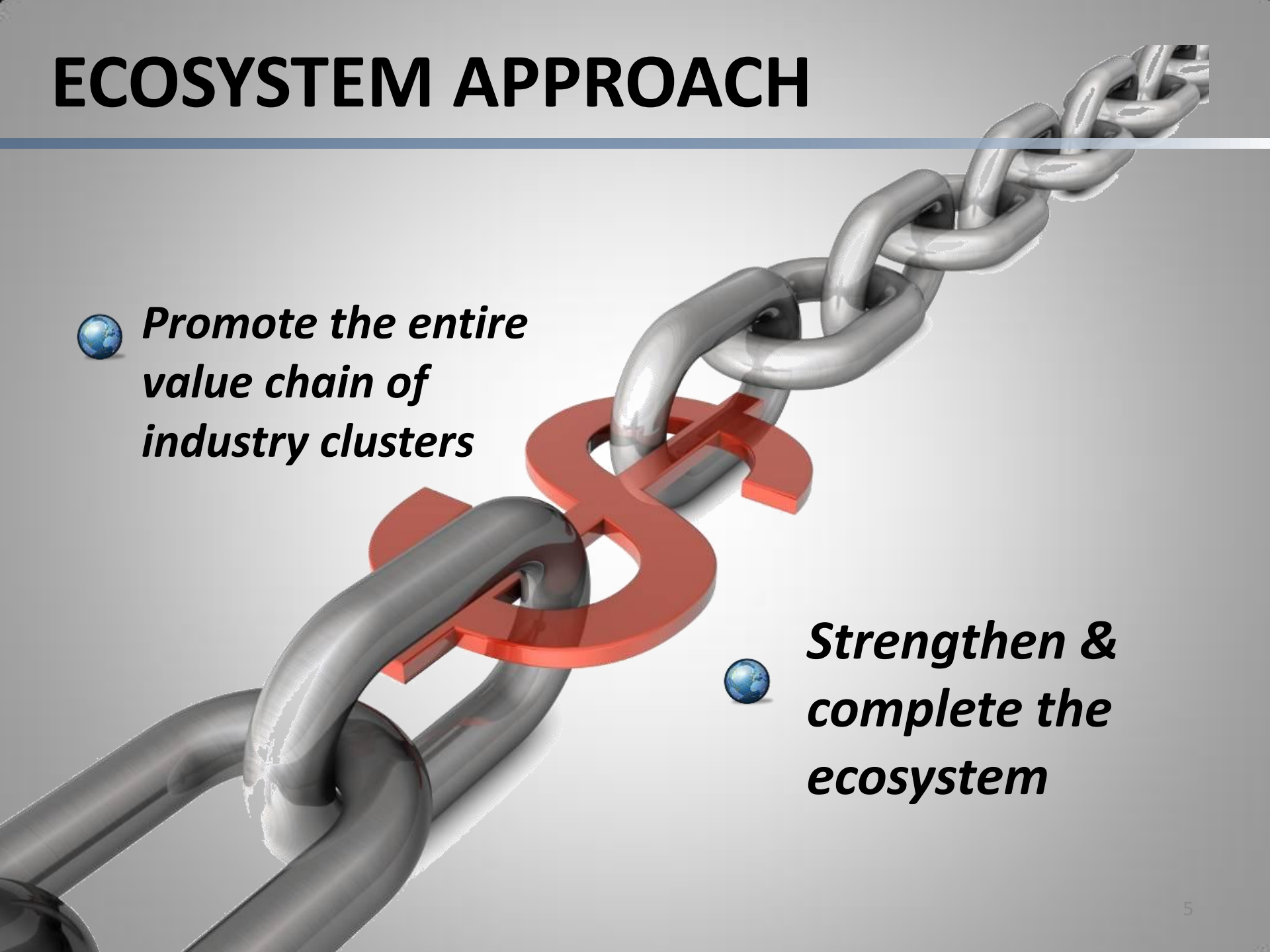
INITIATIVES TO GO GREEN



QUALITY INVESTMENT



ECOSYSTEM APPROACH



 ***Promote the entire value chain of industry clusters***

 ***Strengthen & complete the ecosystem***

MALAYSIA'S SUCCESS: WHY INVEST IN SOLAR?

Strong establishment of semiconductor / electronics industry.

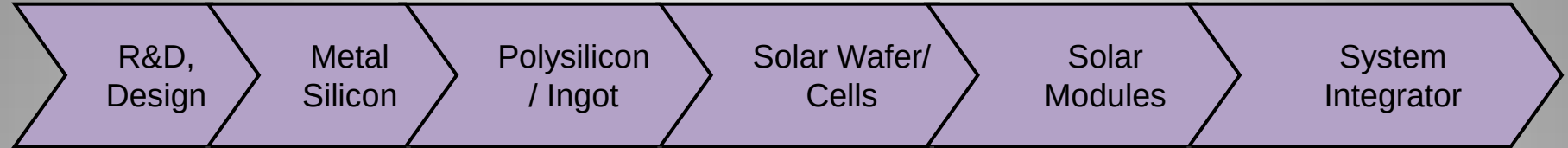
Good linkages and supply chain of local companies (component suppliers and PV service providers).

The emergence of top global solar photovoltaic manufacturers in Malaysia - AUO Sunpower, Hanwha Q-Cells , First Solar and Panasonic Energy.

Governments supports (Incentives, FiT scheme, GTFS)

Government policy towards green initiatives (EPP, NREPAP)

SOLAR ECOSYSTEM



LAURENZ LEISTUNG



APPROVED & IN VARIOUS STAGES OF IMPLEMENTATION

Cosmos Petroleum & Mining



Imex Semicon



Imex Semicon



MAJOR FOREIGN SOLAR ENERGY GENERATION COMPANIES

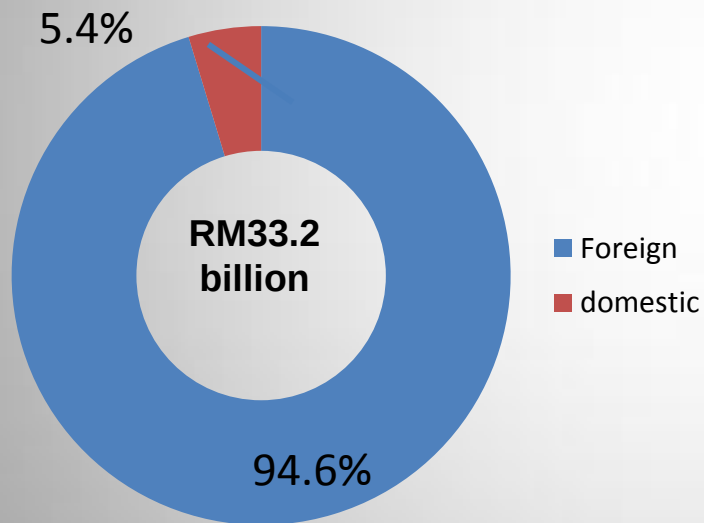
Name of Companies	Country of Origin
Delloyd Holdings	Singapore
Fortune 11	Singapore
Fairview Equity	USA
Medini Development	Japan/ UAE
Schot Glass	Germany
Getsol	Germany

Most companies generate solar energy for own business consumption!!

APPROVED INVESTMENTS

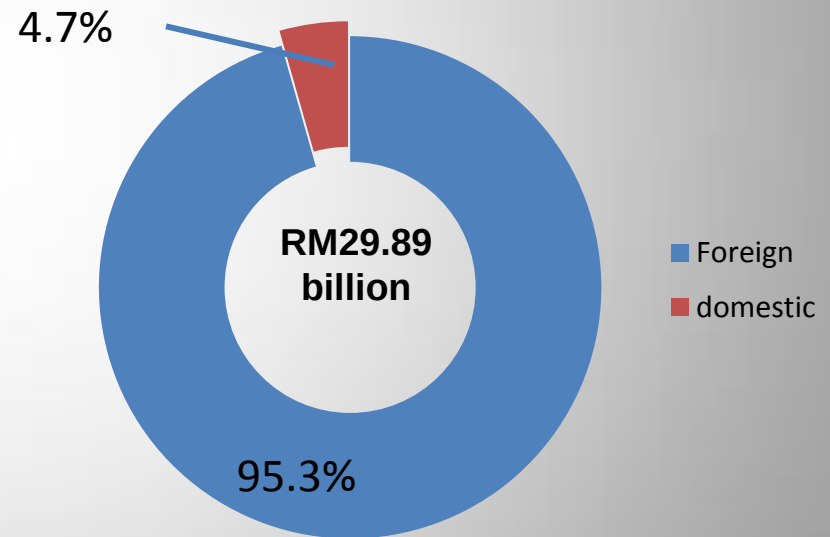
- No. of solar manufacturing projects approved : 57
- No. of solar manufacturing projects implemented : 40

Total approved as at 2007 - June 2015



Total employment : 32,746

**Total implemented
2008 – 2014**



Total employment : 28,081

Source: MIDA

Renewable Energy (RE) projects approved as at 31 Dec 2015

RE Projects Based on Sources	No. of projects	Total Investment (RM)
Solar	227	2,567,079,495
Biomass	119	4,408,914,357
Biogas	60	862,873,307
Mini Hydro	13	823,365,032
Geothermal	1	506,289,635
Total	420	9,168,521,826

Note: All projects including FiT and non-FiT projects

STATUS OF RE UNDER RENEWABLE ENERGY POLICY & ACTION PLAN

FiT implementation as at 30 June 2015

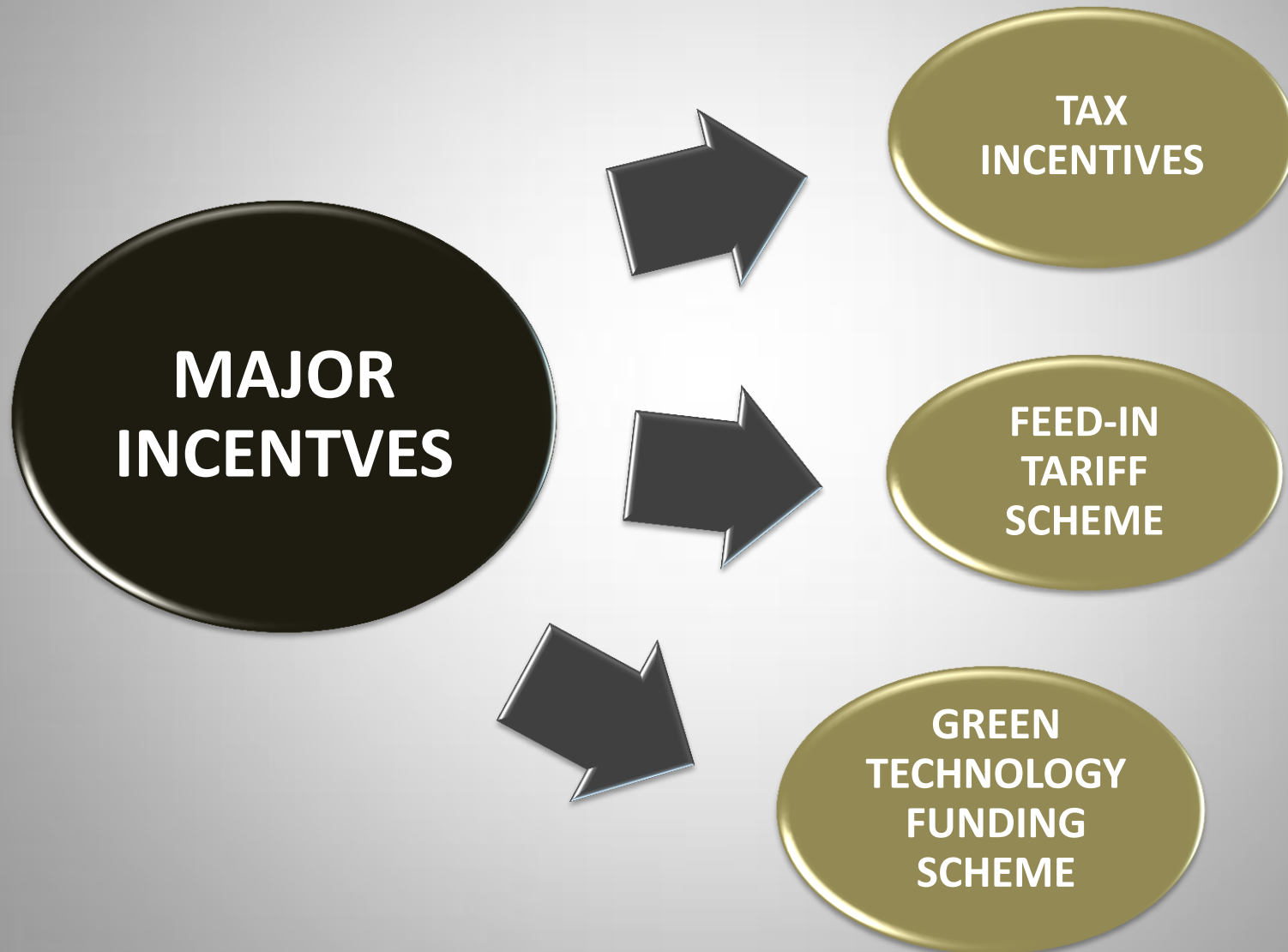
Category	Target 2015	Commissioned	
		No.	Capacity (MW)
Biogas	100	9	17.23
Biomass	130	6	62.90
Small Hydro	290	5	18.30
Solar PV	65	4088	202.51
Total		4108	300.94

Source: SEDA

Solar is the preferred technology!!



MAJOR INCENTIVES



TAX INCENTIVE – SOLAR MANUFACTURER

❖ **PIONEER STATUS (PS)**

Income tax exemption of 70% of the statutory income for a period of 5 years; or

❖ **INVESTMENT TAX ALLOWANCE (ITA)**

Investment tax allowance of 60% on the qualifying capital expenditure incurred within a period of 5 years, to be utilised against 70% of the statutory income.

❖ **PROMOTED PRODUCTS :**

- Solar cells or panels or module or systems
- Rechargeable batteries or storage systems
- Inverters and converters



GREEN TECHNOLOGY INCENTIVES

- RENEWABLE ENERGY



	PROJECT	SERVICES
Definition	Investment in equipment / system to undertake a Green Technology project	Provision of services to Green Technology user / project
Incentive	Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure incurred from the year of assessment 2013 until the year of assessment 2020 (Offset against 70% of statutory income)	Income tax exemption of 100% of statutory income from the year of assessment 2013 until the year of assessment 2020

RENEWABLE ENERGY



Project

Commercial & industrial business entities which undertake generation of energy using RE sources:

***Solar**

Biomass

Biogas

Mini-Hydro

Geothermal

Services

Services related to RE project:

Feasibility study & system design

Advisory & consultancy

Testing & commissioning

*** Exception : Solar project under FiT Scheme**

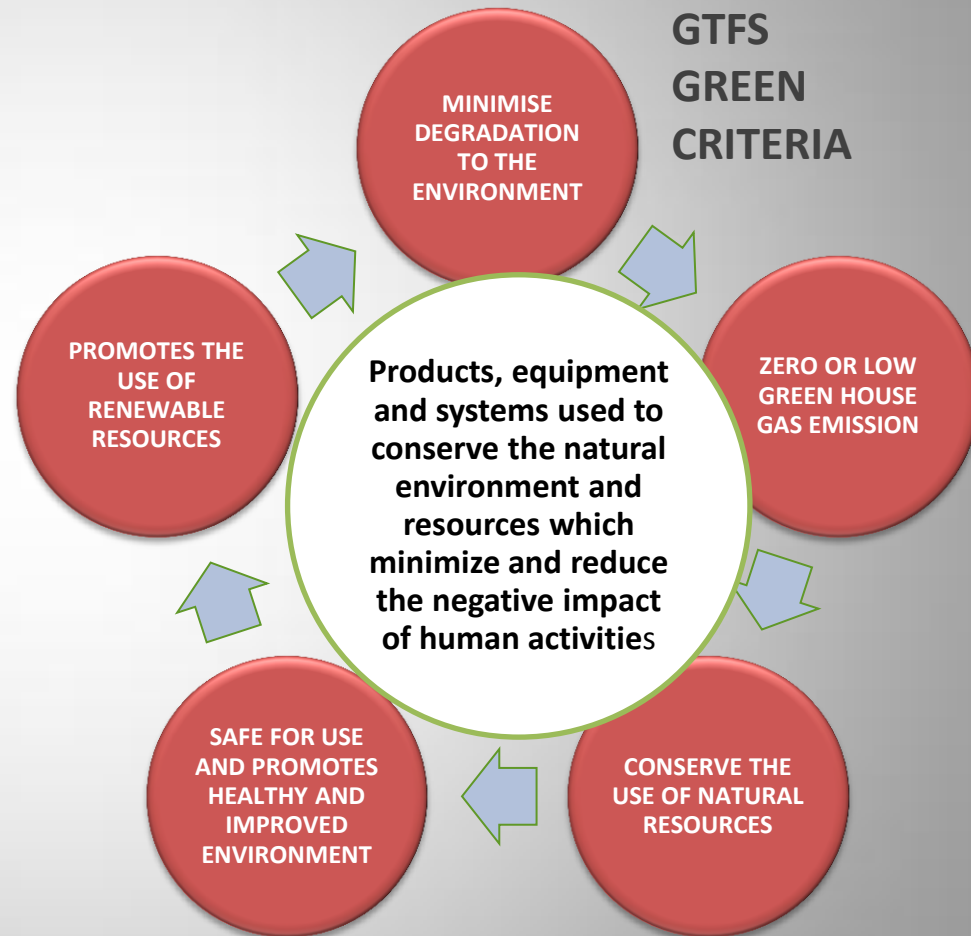
- Objective of Renewable Energy Act, 2011
 - ✓ Accelerate contribution of green energy or RE in Malaysia's electricity generation mix
 - ✓ Target - 11% by 2020
- The Feed in Tariff scheme has been introduced
 - ✓ Increased installation capacity 5 folds to 300 MW from 2009 to JUNE 2015.
 - ✓ Will end in 2017, NEM and USS will be in place
- Implementation Agency – Sustainable Energy Development Authority (SEDA)

FEED-IN TARIFF (FiT) : THE CATALYST

- A mechanism that allows electricity produced from indigenous RE resources to be sold to power utilities at a fixed premium price for specific duration.
- Provides a conducive & secured investment environment for financial institutions to be comfortable providing loan with longer period (>15 years)
 - ✓ Provides fixed revenue stream for installed system
 - ✓ Only pays for electricity produced: promotes system owner to install good quality and maintain the system
 - ✓ With suitable degression rate, manufacturers and installers are promoted to reduce prices while enhancing quality

GREEN TECHNOLOGY FINANCING SCHEME (GTFS)

- Objective is to promote green investments by providing easier access to financing and at a lower financing costs.
- Introduced in 2010.
 - Total allocation of RM3.5 billion.
 - Has been extended till **31 Dec 2017** under the Budget 2016
- Incentives:
 - 60% guarantee by Government on green financing cost.
 - 2% rebate on financing interest rate of green technology cost.
- **Implementation agency**
 - Malaysia Green Technology Corporation (MGTC), Credit Guarantee Corporation (CGC)





Malaysia Your Profit Centre in Asia

Thank You

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