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Malaysia kicks off Renewable Energy Certificates commercial trading

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KUALA LUMPUR (May 9): Malaysia has launched the commercial trading of Renewable Energy Certificates (RECs) through the Malaysian Green Attribute Trading System (mGATS) to be operated by Tenaga Nasional Bhd (KL: TENAGA).

The commercial trading of the certificates through mGATS commenced on May 8, the Ministry of Energy Transition and Water Transformation (Petra) said in a statement. Tenaga will ensure that the certificates are internationally certified by reputable registries, such as the I-TRACK Foundation, it noted.

To ensure that the RECs produced in Malaysia effectively contribute to the country's carbon footprint reduction target and are fully accessible to corporations operating within the country, the RECs cannot be transferred abroad except through Energy Exchange Malaysia or other government-approved programmes, Petra said.

"This is to ensure that access to green electricity and its associate benefits remain as compelling incentives for high-value investment in Malaysia," the ministry said.

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mGATS, initially introduced in 2019 as an information hub and tracking system for RECs, has been expanded and re-branded to enhance the administration and management of green attributes, including RECs, in a more efficient, systematic and holistic manner, Petra said.

The trading platform will allow for transparent and traceable transactions for the offering, purchasing and trading RECs. RECs traded through the mGATS

will serve as documentary evidence that one megawatt-hour of electricity was generated from sources such as solar, hydro, biomass and biogas.

The verification methods are widely adopted by corporations globally to demonstrate adherence to environmental, social and governance (ESG) commitments in the use of green electricity supply, Petra noted.

The RECs can be bundled with grid electricity and offered as green electricity to consumers such as through the green electricity tariff programme, or offered separately, including to corporate companies as proof of green electricity utilization through the mGATS platform, the ministry said.

"With the commencement of REC trading through mGATS, Petra is confident that it will unlock new opportunities and added value, further accelerating the development of Malaysia's RE industry, while positively contributing to our country's energy transition and climate change goals," it added.