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LETTER TO THE EDITOR

Keen interest expected in 1,400MW solar jobs

The Malaysian Photovoltaic Industry Association (MPIA) is taken by surprise by an article in *The Edge* titled "Response to 1,400MW solar jobs could be lukewarm" published on March 9.

The fact is, on the contrary, interest in solar energy in Malaysia has been growing ever since the previous government introduced a policy to encourage adoption of solar energy, starting from subsidy for households installing photovoltaic (PV) systems under the Surya 1000 programme launched in 2006, followed by the Feed-in Tariff (FIT) in 2011, and then the Net Energy Metering (NEM) scheme in 2016, which continues until today.

Thus, this additional allocation of 1,400MW will attract additional capital investments from the private sector of RM5.5 billion to RM6 billion. Indeed, MPIA welcomes this bold move to boost the domestic solar PV industry.

In showing appreciation for the government's positive initiative, MPIA proposes the following strategies:

I. Apportioning the 1,400MW stimulus package as follows:

- 900MW for the Net Energy Metering (NEM) scheme; and
- 500MW for the fourth Large Scale Solar (LSS4) scheme.

The aim is to provide a stimulus for small and medium enterprises (SMEs) so that they will create more direct jobs of 9,000 to 10,000 as well as to generate more revenue for the government in terms of taxes – corporate, individual and services.

II. Priority for solar rooftops

MPIA will continue to push for rooftop PV installations, as Malaysia has more than 3.2 million residential rooftops, 450,000 shops, 181,000 terraced and stand-alone factories, 1,000 shopping malls and 5,000 government buildings, which could be installed with solar PV systems.

Towards this end, MPIA had submitted to the Ministry of Energy, Science, Technology, Environment and Climate Change this year a proposal for one million rooftops for residential customers that will benefit the M40 and B40 categories of customers. For years, only companies have been enjoying fiscal and financial incentives. MPIA proposes that similar incentives be given to residential customers who are willing to invest in the rooftop solar PV system, in the form of income tax rebates, zero or subsidised interest rate, subsidised interest rates as well as sales and service tax waivers.

While the above proposal is aimed at providing opportunities for residential sectors to participate in and reap the monetary benefits of the solar rooftop PV industry, it is the Commercial and Industrial rooftop solar PV sectors that stand to benefit most from the proposed apportioned 900MW under the NEM, as they represent more than 70% of the country's electricity consumption.

MPIA therefore proposes that the current NEM "one-to-one" buyback programme, which is due to end this year, be continued and extended until end-2023. This is in line with the Green Investment Tax Allowance, which has been extended to end-2023. GITA features prominently in accelerating the payback for companies.

III. Simplifying the application process

One of the main problems hampering the off-take of solar PV quota is bureaucracy in the application processes involving different government agencies: the Sustainable Energy Development Authority (SEDA), Tenaga Nasional and the Energy Commission (EC). It currently takes two to three months for the approval of systems of more than 72kW before the actual purchase and installation of the rooftop PV system, which then takes another two to three months. MPIA proposes it should take two to four weeks for commercial applications, as installations below 72kW and residential applications are already quite fast, taking about a week to process.

IV. LSS categorisation

MPIA proposes the allocation of the 500MW quota to be divided as follows: Category I – up to 30MW; and Category II – above 30MW and up to 50MW.

This categorisation is to create more opportunities

across a wider spectrum of Malaysian players – potential financial investors, insurance providers, solar PV providers and so on. MPIA would like to reiterate that the implementation of future LSS must benefit genuine local investors, solar PV providers and component suppliers.

The lessons learnt from past LSS bidding processes had shown that open competitive bidding with stringent terms and conditions, transparency and detailed due diligence on bidders (particularly in terms of shareholding) are prerequisites in ensuring maximum benefits to the country, the people and the stakeholders (regulators, investors, financiers and insurance and service providers). The shareholding must reflect their relevant capability. It is strongly suggested that a representative from MPIA be on the bidding board prior to the final award.

Awarded bidders from LSS1 and LSS2, including those that have been directly awarded and fast-tracked that have yet to achieve their relevant milestones, should have their licences revoked and their quota redistributed to LSS4.

V. Exportable strength

It was the Malaysian government that initiated the need to establish MPIA. When it was established in 2007, MPIA had fewer than 10 members. Today MPIA has 115 full members, including manufacturers, service providers, system integrators, consultants, insurance providers and even training providers.

By now, Malaysia already has a significant pool of experienced and talented skills in the high-income solar PV industry that can be exported to other developing countries. With considerable experience since 2006, coupled with the pool of local talent, a comprehensive world-class training programme and a ready network in the region, Malaysia is ready to export our talents at an opportune time. It is just a matter of waiting for the bridge to be officially launched by the authorities.

VI. Way forward

MPIA is working closely with SEDA and EC to pursue new programmes to ensure the healthy and sustainable growth of the solar PV industry, in the post-LSS and NEM era. The two programmes are:

- Third Party Access, which will allow any company to invest and generate solar electricity and sell it to any consumer in any location in the country via the national grid and also to our neighbouring countries via the Asean Renewable Energy Grid; and
- Peer-to-peer (P2P) energy trading that allows prosumers (producer and consumers of electricity) to sell excess electricity to any customer in their neighbourhoods. MPIA is proposing a revolutionary concept for energy distribution via RE-hailing.

Closing remark

MPIA lauds the Malaysian government's economic stimulus package initiative in the PV sector by allocating an additional 1,400MW capacity. The industry accepts this wholeheartedly and very warmly indeed. As discussed earlier, the benefits for all – the people, industry and country – go a long way. This can be true, however, only if its philosophy of implementation is nation-centred. The government has a moral obligation and is duty-bound to etch this philosophy in all its mechanisms in the mould.

Solar PV is definitely an intensified area for high-income economic growth in Malaysia. Any additional adoption in the country would not only mean a more sustainable society but also wealth creation in the country.

MPIA is confident that, with the government conscientiously playing its role, industry players playing the cards right, supported by positive vibes to the people given by our friends in the media, and with a little bit of luck, we can all do this and overcome any obstacle as true-blue Malaysians.

Chin Soo Mau

President

Malaysian Photovoltaic Industry Association (MPIA)

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