



# Malaysia passes Carbon capture. Utilisation and Storage Bill 2025

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## Malaysia passes Carbon Capture, Utilisation and Storage Bill 2025

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**A**fter months of delays, the Carbon Capture, Utilisation and Storage (CCUS) Bill was passed on March 6, with the goal of reducing carbon dioxide (CO<sub>2</sub>) emissions, mitigating the effects of climate change and catalysing Malaysia's development of CCUS as a source of economic growth, according to the Ministry of Economy.

While the bill has been passed, the Act will only come into operation on a date to be appointed by the minister. It will only apply to Peninsular Malaysia and the Federal Territory of Labuan.

Reactions to the passage of the bill have not been all positive, with non-governmental organisations such as Sahabat Alam Malaysia expressing concerns about the bill's rushed implementation and lack of proper strategies to address concerns and risks associated with CCUS, including a provision for detailed environmental and social impact assessments, and public consultation prior to approvals.

A major point of the bill is the setting up of a Malaysia CCUS agency. Details of the agency are outlined below.

### The organisational structure of the agency is as follows

POSITIONS	ROLES
Chairman	Appointed by the minister to oversee the agency
Secretary-general of the ministry	Charged with the responsibility of overseeing CCUS matters
Director-general of the Department of Environment	Responsible for achieving strategic, policy and budget objectives
At most, six other members appointed by the minister	Appointed in writing by the minister based on experience, knowledge and expertise in CCUS-related matters

SOURCE: THE CARBON CAPTURE, UTILISATION AND STORAGE BILL 2025

The bill adds that an additional technical entity may be established alongside the proposed CCUS agency by the minister responsible. This agency will advise them on all CCUS

matters, such as carbon capture, transportation and/or storage of CO<sub>2</sub>, and onshore and/or offshore storage of CO<sub>2</sub>.  
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ROLE	EXPLANATION
Overseeing and regulating carbon capture	<ul style="list-style-type: none"><li>Any person or organisation who owns or operates any carbon capture installation must register with the agency</li><li>Anyone who transports CO<sub>2</sub> by train, road, water, pipeline or any other means must be registered with the agency and comply with any written laws relating to transportation and follow standard CCUS practices</li><li>Anyone who wishes to import or permanently store CO<sub>2</sub> obtained through CCUS outside of Malaysia must apply for a permit with the agency, and comply with local CO<sub>2</sub> stream acceptance criteria, or else be liable to a fine not exceeding RM1,000,000 or imprisonment for a term not exceeding five years, or both</li></ul>
Handling the licence for permanent storage of CO <sub>2</sub>	<ul style="list-style-type: none"><li>Offshore or onshore (within Peninsular or Labuan) areas of Malaysia for permanent storage of CO<sub>2</sub> captured, within or outside of Malaysia, need a licence granted by the agency</li><li>CO<sub>2</sub> streams, a flow of substances resulting from the capture of CO<sub>2</sub>, must comply with prudent CCUS practices</li><li>CO<sub>2</sub> streams must consist mainly of CO<sub>2</sub> and no wastes or other matter may be added into the stream</li></ul>
Injection levy	<ul style="list-style-type: none"><li>Fees for injecting CO<sub>2</sub> streams into Malaysia to be handled by the agency and the minister responsible</li><li>The minister shall, under recommendation made by the agency, determine the rates of the injection levy to be paid by offshore operators for the purpose of long-term monitoring of each storage</li></ul>
Utilisation of stored CO <sub>2</sub>	<ul style="list-style-type: none"><li>Any person who utilises any CO<sub>2</sub> obtained through carbon capture in Malaysia shall be registered with the agency</li><li>No person shall utilise any CO<sub>2</sub> obtained through carbon capture outside of Malaysia, which has been imported into Malaysia for the purpose of permanent storage</li></ul>
Closure of CCUS storage sites	<p>After a storage site has been closed for whatever reason, an offshore operator remains responsible for:</p> <ul style="list-style-type: none"><li>Monitoring the storage site and reporting monitoring results to the agency</li><li>Any remediation measures</li><li>Any other prescribed activities</li></ul>
Post-Closure Stewardship Fund	<ul style="list-style-type: none"><li>A fund to be called the "Post-Closure Stewardship Fund" will be established and be administered and controlled by the agency</li><li>The fund consists of the sums provided by the government for the purposes of this Act and any injection levy made by offshore operators</li><li>The money in the fund may be used for investment as determined by the minister after consultation with and approval of the minister of Finance</li></ul>

SOURCE: THE CARBON CAPTURE, UTILISATION AND STORAGE BILL 2025

Furthermore, the bill notes that the minister may make further regulations on CCUS as may

be necessary or expedient for the purpose of carrying into effect the provisions of this Act. **B**