

17 MAY, 2024

## Rafizi: `Progressive` carbon capture, utilisation and storage framework to be presented next week

The Edge CEO Morning Brief, Malaysia

Page 1 of 2



KUALA LUMPUR (May 16): The Ministry of Economy will present a progressive regulatory framework for carbon capture, utilisation and storage (CCUS) in Parliament next week, said Minister Mohd Rafizi Ramli at the OGSE 100 CEOs Forum organised by the Malaysia Petroleum Resources Corporation (MPRC) on Thursday.

"We are ready to go to the Cabinet next week, and we will pass the Bill in Parliament in November. That puts Malaysia in a leading position in the next bidding round for CCUS [contracts]," said Rafizi during his keynote speech.

This is meant to help Malaysia secure long-term contracts to build CCUS projects, which will bring in new investments, and create new jobs in the oil and gas services (OGSE) sector. Rafizi said Malaysia should be positioned as a regional and global leader in CCUS.

"With such a seismic shift in the horizon, the OGSE sector must quickly leverage our expertise, and capitalise on this new vertical. We need to be agile, especially in a situation where we are reaching a tipping point, where we don't call ourselves an oil and gas (O&G) nation [anymore]," said the minister.

Demand for CCUS is expected to increase, as companies and countries must meet their climate targets or are subject to carbon taxes. This poses an opportunity for Malaysia's OGSE sector to pivot into a new industry, which is much needed in the face of the energy transition and underlying structural challenges in the sector.

"Malaysia's oil production is expected to experience a decline of 30% in the next five

## Rafizi: `Progressive` carbon capture, utilisation and storage framework to be presented next week

BY TAN ZHAI YUN & ARIS RIZA  
[theedgemaalaysia.com](http://theedgemaalaysia.com)

years, while our energy consumption is expected to double by 2050," said Rafizi, adding that this might turn Malaysia into a net importer of O&G rather than an exporter.

"The source of our problems is rooted in our ability to move up the value chain. Compared to countries like Norway and the UK, our OGSE segment is more fragmented, and our sector has almost four times as many players."

Despite that, the OGSE sector only generates around half the revenue of competitors in other countries. "Revenue per company [in Malaysia] is around US\$4.1 million (RM19.2 million)...revenue [of their overseas counterparts] is roughly seven times more efficient at US\$30 million," Rafizi said.

The industry must move up the value chain, and invest more in research and development to increase productivity. New

opportunities, such as CCUS, should also be explored. These trends were highlighted in the National Energy Transition Roadmap released last year.

"The whole idea about the energy transition is not primarily driven just because of our commitment to net zero. It is a sweet spot, where Malaysia can lead, and it ticks all the right boxes for what is needed for the economy, because we need to restructure our energy market and how the country is going to be powered by 2050," the minister said.

### OGSE companies called to adopt sustainability

During the opening speech for the OGSE 100 CEOs Forum, MPRC chief executive officer Mohd Yazid Ja'afar shared that in 2022, there were 2,286 OGSE companies in Malaysia, and 1,945 of them were small and medium enterprises (SMEs). However, none of the SMEs made the top 100 when ranked by revenues, according to MPRC's latest OGSE 100 publication.

Total revenue for Malaysia's OGSE industry was at RM72.7 billion, marking the second consecutive year of growth. Eleven out of the top 20 OGSE companies in Southeast Asia are from Malaysia, with the best-performing Malaysian OGSE being Yinson Holdings Bhd (KL:YINSON).

However, despite higher revenues, OGSE players were weighed down by impairments and lower margins, leaving further room for improvement in business models and cost optimisation.

Yazid ended his speech on the push for sustainability. Following up on MPRC's 2022 launch of the National OGSE Sustainability (NOS) Plan, he announced that the corporation will be launching the NOS Roadmap next, and conclude with the NOS Framework.

"We call on those of you here, captains of the OGSE sector...to embrace these documents as a guide to help you navigate the demands of the energy transition," said Yazid.

Yazid also noted that MPRC will be launching a facilitation service for strategic partnerships among OGSE players in the fourth quarter.



(From left) Petroliaam Nasional Bhd head of production and operations management Handan Ramli, Ministry of Economy deputy secretary general (sectoral) Datuk Dr Yatimah Sarjiman, Malaysia Petroleum Resources Corporation (MPRC) chairman Datuk Dr Ahmad Suhaili Idrus, Economy Minister Mohd Rafizi Ramli, Bursa Malaysia Bhd chief executive officer Datuk Muhamad Umar Swift, and MPRC CEO Mohd Yazid Ja'afar at the OGSE 100 CEOs Forum on Thursday.