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Play bigger role in energy transition, private sector told

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KUALA LUMPUR: Deputy Prime Minister and Energy Transition and Water Transformation Minister Datuk Seri Fadillah Yusof has called for greater private sector participation in Malaysia's energy transition, saying the government cannot finance the transformation alone and will need financial institutions, investors and businesses to mobilise the capital required.

He said the scale of investment needed to support the transition meant the private sector must play a greater role in financing renewable energy, resilient infrastructure and industrial transformation.

"The question before us is no longer whether the transition should happen. It is whether we can mobilise capital quickly and responsibly enough to seize the opportunities in a rapidly changing world," Fadillah said at the MBSB Sustainability Future Capital Summit 2026 yesterday.

He said the government had established the foundations through policies, incentives and infrastructure investments, but sustained progress would depend on financial institutions, investors and businesses committing capital over the long term.

He highlighted the government's Budget 2027 measures to support the energy transition, including a RM15 billion investment by Tenaga Nasional Bhd (TNB) to strengthen the national grid, a RM1 billion investment by UEM Lestra, including an energy storage project at KLIA and a one-gigawatt hybrid energy project in Johor, and RM1 billion under KWAP's *Dana Iklim+* for green projects such as renewable energy and decarbonisation.

Fadillah also cited the Securities Commission Malaysia's Capital Market Masterplan 2026-2030 target of mobilising RM90 billion to RM100 billion in cumulative sustainable financing by 2030.

Under the National Energy Transition Roadmap, Malaysia is targeting a 70% share of renewable energy in installed electricity capacity by 2050, alongside its ambition of achieving net-zero emissions as early as 2050.

Fadillah said these targets should be viewed as part of Malaysia's economic strategy, as investments in renewable energy and electricity infrastructure would strengthen energy security and help maintain the country's attractiveness as an investment destination.

"Every renewable energy project strengthens our energy security. Every investment in the grid strengthens our economic resilience. And together, they will determine whether Malaysia remains an attractive hub for industries and technologies that will shape the decades ahead," he added.

Energy security had become increasingly important as disruptions to global energy supplies could affect business costs, prices of goods and the livelihoods of ordinary people, Fadillah said.

"Malaysia therefore needed to diversify its energy mix through sources such as solar, hydropower, biomass, biogas and other forms of bioenergy, while strengthening its electricity transmission and grid infrastructure," he emphasised.

Fadillah also highlighted the importance of regional electricity connectivity through the Asean Power Grid, which would allow countries to share energy resources and strengthen the region's energy security.

He cited the Vietnam-Malaysia-Singapore renewable electricity initiative involving TNB, Petronas and their partners, which is being developed to transmit renewable electricity generated in Vietnam through Malaysia to Singapore.

The project has received conditional approval from Singapore's Energy Market Authority for the proposed import of up to 1.3 gigawatts of renewable electricity, with imports expected to begin in 2035, subject to further regulatory and project approvals.

Fadillah said about 30% of the electricity from the Vietnam offshore wind arrangement would be supplied to Peninsular Malaysia, with the majority going to Singapore.

MBSB, meanwhile, launched three sustainability initiatives at the summit, including its RM500 million Transition Advantage Financing programme, TRACE (Transition Readiness Assessment for Circular Economy) and a Nature-Based Decarbonisation Partnership with Wild Asia and HyveGeo.

The financing programme is designed to support businesses undertaking sustainability and transition-related investments, including efforts to accelerate decarbonisation, improve resource efficiency and strengthen competitiveness.

TRACE, developed with RFI Foundation and Inceif University, is an Islamic circular economy advisory platform designed to help businesses assess their sustainability readiness, identify circular economy opportunities and develop practical pathways towards implementation, while linking these opportunities to suitable financing solutions.

Fadillah said the initiatives addressed three barriers to the transition, namely financing, capability and execution.

He said financial institutions had a responsibility beyond providing funding, as their financing decisions would influence which industries expanded, which technologies advanced and which businesses received the opportunity to transform.

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Fadillah: Financial institutions, investors and businesses must mobilise the capital required as govt cannot do it alone



Fadillah (fifth from left) with (from left) MBSB Bank director Kamarulzaman Ahmad, group chief syariah and sustainability officer Ashraf Gomma Ali, director Datuk (Dr) Yasmin Mahmood and group CEO Rafe Haneef; RFI Foundation CEO Blake Goud; and Dr Marjan Muhammad of Inceif University.

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