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'Asean needs over US\$3 trillion investment for energy transition by 2050'

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KUALA LUMPUR: Malaysia has urged Asean member states to embrace a fundamental shift in financing strategies to achieve the region's ambitious energy transition goals, with cumulative investments estimated at over US\$3 trillion by 2050. Deputy Prime Minister Datuk Seri Fadillah Yusof said Malaysia alone requires more than US\$143 billion to meet its renewable energy (RE) targets under the National Energy Transition Roadmap.

"These figures underscore a simple but profound truth: public finance alone is insufficient.

"Therefore, it is imperative for governments across the region to create a robust enabling environment that catalyses private investment, both domestic and international, through coordinated policy reform and innovative financial instruments," he said.

In his keynote address at the 'Energy Transition Meeting in Asean: Fostering Regional Cooperation' conference here today, Fadillah, who is also the Energy Transition and Water Transformation Minister, said these instruments include blended finance mechanisms and public guarantees to de-risk early-stage RE projects.

He added that Asean must also strengthen its capital markets through the issuance of green bonds, Islamic finance instruments such as sukuk, and sustainability-linked loans to channel capital into clean energy projects.

"Carbon pricing frameworks that reflect the real cost of



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emissions are essential to incentivise the shift toward low-carbon technologies.

"Digitalisation of the energy ecosystem, including smart grids, artificial intelligence-based forecasting tools, and demand-side management systems, will play a crucial role in enhancing system flexibility and efficiency across the region," he said.

At the national level, Fadillah said Malaysia has already begun aligning its policies and financing landscape to support this transformation.

"As a trading nation, we (Malaysia) recognise that competitiveness and climate ambition must go hand in hand. The Corporate Renewable Energy Supply Scheme enables large electricity consumers to directly source RE from private developers, offering a market-driven route to decarbonisation.

"The Low Carbon Energy Generation Programme introduces a Contract-for-Difference mechanism to improve the bankability of renewable projects and offer price certainty for investors, while Bank Negara Malaysia's Low Carbon Transition Facility provides concessional financing to small and medium-sized enterprises investing in clean technologies," he said.

Fadillah emphasised that efforts to enable a region-wide energy transition must be matched by regional alignment.

"A well-integrated Asean energy market, supported by common investment frameworks, harmonised technical standards, and coordinated green finance mechanisms, will unlock economies of scale and reduce capital costs," he said. — Bernama