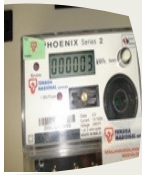




▶ Incentives Upgrade - Budget 2010.....1



▶ Good News – TNB Net Metering.....2



▶ Net Metering and “Feed-in Tariff”2

Policy Focus

Dear MBIPV Stakeholders and Readers,

Welcome to this update at the end of 2009, this has been a rather “turbulent” year in some ways.

Incentives Upgrade - Budget 2010

The National Budget for 2010 has added new incentives to the goodies for prospective investors in PV power generation in the 2009 budget. Key points of interest to prospective investors are obviously the incentives for Green Technology following on from the proclamation of the National Green Technology Policy in July 2009.

These include:

- Extension of the benefits of ITA (Investment tax Allowance) to the incremental cost for the development of buildings meeting the minimum GBI (Green

Building Index) grading, where the use of RE such as BIPV contributes to the grading points tally, and more significantly,

- The establishment of a Green Technology Fund of RM 1.5 billion to promote the production and utilisation of Green Technologies in Malaysia.

These incentives announcements have in fact preceded the commitment by Y.A.B. Prime Minister on the national carbon emission reductions target at the COP 15 meeting in Copenhagen, Denmark.



Good News - TNB has commenced crediting PV generated electricity under the “net-kWh” concept and has also commenced reconciling all the previously credited PV electricity accordingly. TNB personnel now also attend Grid Connection of BIPV (GC-PV) systems and their “Testing and Commissioning (T&C)”. Currently, there are more than 60 Grid Connected BIPV systems registered with TNB and approximately 56 systems registered with the Energy Commission. For more information on the installations, please visit the following webpage:

<http://www.mbipv.net.my/products.asp?higherID=14&zoneid=4&categoryid=15>



Net Metering and “Feed-In-Tariff”



PTM-ZEO Building

Under net-metering concept the PV generated electricity is valued at the same rate as the utility electricity supply tariff to customers. This does not reflect the true cost of the electricity generated from PV systems during the utility’s peak demand period.

Many countries are now emulating Germany, Spain, Italy, France and South Korea to institute a “Feed-in-Tariff (FIT)” regime to encourage greater use of RE including PV for power generation.

Even our neighbor Thailand has instituted “Tariff Adders” as a form of FIT to encourage more widespread use of RE including PV.

PTM/MBIPV has pursued the introduction of a similar FIT mechanism in Malaysia through MEGTW (Ministry of Energy, Green Technology & Water) under the powers of a legislative instrument such as “Renewable Energy Act”, which will incorporate the FIT mechanism.

The table below gives an indicative range* of possible FIT rates for various alternative RE technologies which could be applicable once the legislation is enacted. It is hoped that the RE Act may be processed in time for implementation during the 10th Malaysia Plan period.

ANNOUNCEMENT



Bidding for the Final Call under the SURIA 1000 programme was closed on 1st December 2009. The bids are currently being evaluated and successful bidders should be notified of their results in January 2010. The Call envisages the award of rebates for the installation of a total of 340 kWp of BIPV systems.

However, with the decline in the market price of PV systems it is expected that a significantly larger capacity may be awarded thus giving more bidders the opportunity to install BIPV systems on their premises.

Proposed FIT Rates (Starting 2011)

RE Technologies/ Resources	FIT Duration	Range of FIT Rates* (RM/kWh) Min-Max	Annual Degression**	Displaced Electricity Cost** (RM/kWh)
Biomass (palm oil, agro-based, farming)	16 years	0.24-0.35	0.2%	0.22
Biogas (palm oil, agro-based, farming)	16 years	0.28-0.35	0.2%	0.22
Mini-hydro	21 years	0.23-0.24	0%	0.22
Solar PV	21 years	1.25-1.75	6%	0.35
Solid waste & sewage	21 years	0.30-0.46	1.5%	0.22
Wind	21 years	0.23-0.35	1%	0.22
Geothermal	21 years	0.28-0.46	1%	0.22

*The range of FIT rates was derived based on specific criteria and are only proposed figures.

**Subject to final confirmation upon enactment of the RE Law



MBIPV Project
No. 2, Jalan 9/10,
Persiaran Usahawan, Seksyen 9,
43650 Bandar Baru Bangi
Selangor, MALAYSIA
www.mbipv.net.my