

KPOWER: REALIGN ENERGY POLICY

Firm proposes incentives to promote innovation in renewable energy industry

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A POLICY realignment that is pro-environment and which includes priority on the source of energy and climate change awareness is at the top of Kumpulan Powernet Bhd's (KPower) 2021 Budget wish list.

Group managing director Mustakim Mat Nun said climate change concerns and the global movement in support of the move saw 140 global financial institutions leaving coal.

This resulted in financing and insuring of coal projects becoming increasingly difficult, and this global movement impact has

been felt locally.

"We hope the government will consider a change in our national energy priorities by shifting our reliance on coal power to a mix of natural gas and renewable energy to boost the sector.

"The focus on the enforcement of the renewable energy policy should be increased and other approaches, such as imposing a carbon tax, having a carbon neutral target or even reducing the fiscal reliance on fossil fuels, should be considered," Mustakim said.

KPower operates in the sustainable energy and utilities segment and specialises in renewable energy.

Mustakim also proposed incentives to promote innovation and

advancement in the sustainable energy and utilities and renewable energy industry.

Research and development, introduction of new technology and innovation as well as transfer of technology must be encouraged, he said.

"Incentives in the form of grants, tax breaks and incentives must be introduced to keep Malaysia at the forefront of the renewable energy industry, not only locally but regionally, too.

"The industry employs and advances many local talents, having these talents with the latest



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technologies will give Malaysian companies an edge when competing overseas.

Funding access and lower cost of funds were needed by the industry, said Mustakim.

He said access to various funding avenues were critical in ensuring companies continued to participate in the industry and reach the required scale to compete.

"From accessing the debt market to equity market via easier access to the capital market or even specialised renewable energy/green bank is highly desired.

"In terms of cost of funds, we should emulate Europe where

companies with sustainable or green credentials are given a discount or preferred rate to finance their projects compared with standard market rate by lenders and capital providers," he said.

KPower intends to expand its footprint under the sustainable energy and utilities segment into Asean, South Asia, Central Asia, the Middle East and Europe after having secured a sizeable RM1.4 billion order book to date in Malaysia, Asean member countries and Nepal.

The group also aims to further increase its order book by RM2 billion by the end of financial year 2021.