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Rising need for green energy

M'sia is on track to achieve its goal of 35% renewable energy capacity by end 2030

PETALING JAYA: The recent geopolitical developments, including the ongoing Middle East conflict, have further reinforced Malaysia's shift towards renewable energy, says Datuk Seri Fadillah Yusof (pic).

The Deputy Prime Minister II said the convergence of renewable energy expansion and large-scale electrification increasingly defines the global energy transition.

"Electricity is becoming the dominant energy carrier across key sectors, fundamentally reshaping energy demand and reducing reliance on fossil fuels, particularly oil," he said when contacted.

According to him, recent developments, including the Iran-US conflict, have further reinforced this shift.

"Disruptions to global energy supply chains have led to heightened price volatility, underscoring the vulnerability of systems that remain heavily dependent on fossil fuels.

"This has strengthened the global push towards more diversified, resilient and domestically anchored energy systems," said Fadillah, who is also the Energy Transition and Water Transformation Minister.

"In Malaysia, our approach is anchored on the energy trilemma as a core policy principle, ensuring that energy security, affordability



and sustainability are pursued in a balanced and pragmatic manner."

He said Malaysia has made steady and measurable progress in expanding renewable energy.

In 2020, renewable energy accounted for about 23% of total installed capacity, of which about 76% was hydropower, 17% solar and the remaining 7% other renewable sources.

As of the end of 2025, renewable energy has increased to about 31% while fossil fuel-based generation stands at about 69%.

The composition of renewable energy has also shifted significantly with solar now accounting for about 49% of total renewable capacity, followed by hydro at around 42%, and the remaining



Clean fuel: A hydrogen-powered vehicle refuelling at the Petros Multifuel Station in Darul Hana in Kuching, Sarawak. — ZULAZHAR SHEBLEE/The Star

9% coming from other sources.

"This reflects a clear structural transition in Malaysia's energy mix with solar emerging as the primary driver of renewable energy growth.

"This progress is supported by the introduction of key programmes such as the Large-Scale Solar programme, as well as the Corporate Renewable Energy Supply Scheme, designed without quota constraints.

"These schemes are open to broad participation, enabling both corporate players and other

segments of the public to take part in the renewable energy sector," he said.

Looking ahead, Fadillah said Malaysia remains committed to achieving 35% renewable energy installed capacity by 2030.

"Given the evolving global energy landscape and strong domestic momentum, we will continue to assess opportunities to accelerate this trajectory, particularly in scaling up renewable deployment.

"To support this, our focus will be on strengthening the overall

renewable energy ecosystem and supply chain," he said.

The Deputy Prime Minister II said this includes supporting local solar manufacturers and value chain players to enhance competitiveness and capture greater economic value, accelerating the deployment of energy storage systems to address intermittency and ensure grid stability, and promoting a more diversified renewable mix beyond solar, including hydro, bio-energy and emerging sources.

He said these measures will help to enhance system reliability and reduce over-dependence on a single technology.

"Over time, this will progressively reduce our dependence on oil and strengthen long-term energy security while supporting new areas of economic growth such as electric mobility and renewable-powered data centres," he said.

"Our priority is clear. We will double down on accelerating the energy transition in a disciplined and balanced manner, ensuring that reliability is preserved, affordability remains protected for consumers and sustainability goals are achieved."

Fadillah also said this approach will position Malaysia as a resilient and competitive player in the evolving global energy landscape.

Ways to trim fuel subsidies

PETALING JAYA: High fuel consumption among Malaysians is placing a severe strain on federal coffers, prompting economists to call for an urgent reduction of the 300-litre Budi Madani RON95 monthly quota.

The call comes after the cost of subsidising fuel recently skyrocketed from RM700mil to RM3.2bil in less than a week, resulting in the government spending a staggering RM107mil a day on petrol and diesel subsidies.

Economist Prof Emeritus Dr Barjoiyai Bardai said over 10 million Malaysians consumed 76 million litres of fuel daily, costing the government RM107mil per day in fuel subsidies.

"Based on the current data, rationalisation of fuel subsidies is becoming increasingly unavoidable," he said when contacted.

He explained that the high subsidy cost was because the country traditionally imports more oil than it exports.

Based on the Statistics Department's Mining of Petroleum and Natural Gas Statistics for the fourth quarter of last year, Malaysia exported RM6.1bil worth of crude petroleum and condensate, mainly to Australia (22.6%), Japan (16.8%) and Thailand (15%).

Conversely, Malaysia imports RM11.5bil worth of crude petroleum and condensate, mainly from Saudi Arabia (20.2%), the United Arab Emirates (19.4%) and Oman (11.5%).

To off-set this, Barjoiyai suggested Putrajaya consider reducing the 300-litre petrol subsidy monthly quota.

Based on official data, 95% of Malaysians use less than 180 litres of RON95 monthly. He noted that only the top 5% or about 500,000 car owners actually benefit from the maximum 300-litre quota.

"This means the majority of users are being allocated over 60% more than they actually need," he said.

Reducing the monthly quota, Barjoiyai said, would cut the consumption of subsidised fuel by 33% to 40% per person.

"This directly lowers subsidy costs, improves fiscal sustainability, helps Malaysia reach its deficit targets and delays the need for drastic subsidy removal," he added.

He said reducing the monthly petrol quota to 180 litres would translate to RM84mil in savings a month or over RM1bil annually.

He also suggested a separate fleet-specific programme for heavy petrol users, such as e-hailing drivers.

Economist Geoffrey Williams said reducing the petrol quota would result in substantial savings for the government without affecting the majority of the population. Alternatively, he suggested the introduction of tiered price mechanism where subsidise petrol was based on volume of petrol purchased.

He added that such a method would save subsidy costs, stop hoarding, abuses and smuggling.

Bank Muamalat Malaysia Bhd chief economist Dr Mohd Afzanizam Abdul Rashid said the government's immediate priority must be to secure sufficient fuel

supply while conserving consumption.

He suggested leveraging MyKad to monitor fuel consumption in real time, allowing authorities to track actual petrol use by Malaysians while also curbing fuel smuggling at the borders.

Mohd Afzanizam said that consideration for more petrol could be given to those requiring long distance travel.

He suggested working from home (WFH), switching to electric vehicles, taking public transport and carpooling as measures to help reduce petrol consumption.

"While securing adequate fuel supplies is the immediate goal, ensuring clear communication to the general public about possible measures to be introduced in the face of current calamities is equally important to avoid panic buying," he added.

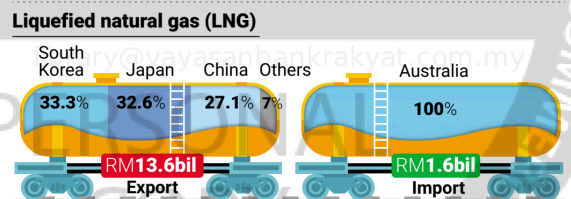
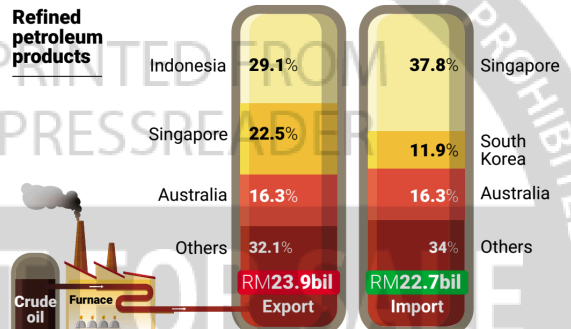
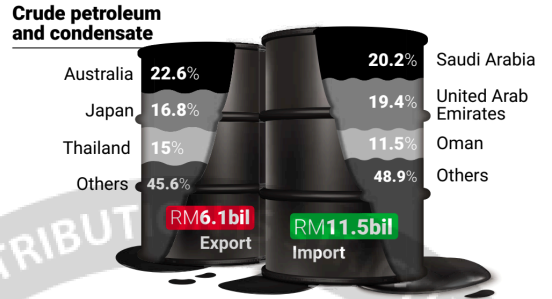
Sunway University economics professor Dr Yeah Kim Leng said it was crucial to rationalise fuel prices given the heavy subsidy bill on the government.

"A tripartite sharing of the subsidy burden between the government, consumers and businesses would be a more equitable and sustainable approach to mitigating the global energy shock," he said.

Yeah said several mitigation measures must be implemented if the Middle East conflict were to prolong.

This includes promoting efficient energy utilisation, car-pooling, wider use of public transportation and adoption of WFH, he added.

Source of Malaysia's fuel products



Note: Mining of petroleum and natural gas statistics, fourth quarter of 2025.

Source: Statistics Department

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