MALAYSIA – SINGAPORE RENEWABLE ELECTRICITY EXPORTS: LEGAL AND REGULATORY CONSIDERATIONS FOR INVESTORS

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Malaysia's move to allow cross-border renewable energy (RE) electricity exports presents a significant opportunity for investors in the region. Following the issuance of the third edition of the Guide for Cross-Border Electricity Sales (CBES Guide), investors are increasingly evaluating privately sponsored, project-financed renewable energy projects for sale into Singapore's market.[1]

This article outlines the principal legal and regulatory considerations relevant to cross-border renewable electricity export opportunities between Malaysia and Singapore.

No Project Ownership Restrictions

There are presently no express Malaysian ownership requirements under the Electricity Supply Act 1990 (Electricity Supply Act)[2], as amended by the Electricity Supply (Amendment) Act 2025 (Amendment Act 2025)[3], or the CBES Guide. A licensee may, in principle, be approved as 100% foreign-owned, subject to the Energy Commission's licensing discretion and any future policy developments. Cross-border export projects are generally not procured under domestic renewable energy quota programmes and are therefore not, as a matter of current policy, subject to prescribed ownership or consortium participation requirements. Under the prevailing licensing framework, such projects may be structured as 100% foreign-owned entities.

This position is subject to qualification. Where a project is developed under a Government procurement or quota programme, the applicable programme guidelines may impose equity participation requirements. The Large-Scale Solar programme has, in certain rounds, included Malaysian equity participation requirements.[4] Investors should therefore confirm whether the proposed project falls within any programme framework that prescribes such conditions.

Licensing Requirements: Public Generation Licence And Export Licence

The Amendment Act 2025 introduced a dedicated statutory framework under Part IVA governing the importation of electricity and exportation of electricity. Under Malaysian law, a project company intending to generate and export

1 *Energy Commission (Malaysia), Guide for Cross-Border Electricity Sales (3rd edn, April 2024), s 11.*

2 *Electricity Supply Act 1990 (Act 447).*

3 *Electricity Supply (Amendment) Act 2025 (Act A1775).*

4 *Energy Commission (Malaysia), Guidelines on Large Scale Solar Photovoltaic Plant for Connection to Electricity Networks (2016) https://www.st.gov.my/contents/publications/guidelines_electricity/2017/Guidelines%20on%20Large%20Scale%20Solar%20Photovoltaic%20Plant%20for%20Connection%20t%20Electricity%20Networks_Feb2017.pdf accessed 22 February 2026, para 8.*

electricity must hold:

(a) a Public Generation Licence under Section 9 of the Electricity Supply Act; and
(b) an importation of electricity or exportation of electricity licence under Section 22D of the Electricity Supply Act.

Public Generation Licence

A Public Generation Licence may only be held by a company incorporated in Malaysia, although such company may be 100% foreign-owned.[5] The Energy Commission retains broad statutory discretion to impose licence conditions on a case-by-case basis.

Typical licence conditions include requirements relating to:

(a) obligations on the licensee to construct, operate and maintain the facility, generate and supply electricity in accordance with applicable law, and comply with applicable safety, reliability and regulatory requirements;
(b) construction milestones and technical specifications;
(c) commissioning and completion timelines;
(d) compliance with prescribed voltage, frequency and electricity quality standards under the Electricity Regulations 1994 and any subsidiary legislation made under the Electricity Supply Act, the Grid Code, and directions issued by the Energy Commission;
(e) rights of inspection, entry and regulatory intervention exercisable by the Energy Commission;
(f) restrictions on changes in shareholding or control;
(g) non-transferability of the licence without regulatory approval;
(h) insurance requirements;
(i) payment of prescribed fees;
(j) review and variation of licence conditions, including in response to changes in law; and
(k) circumstances that may lead to suspension or revocation of the licence.

Importation Of Electricity Or Exportation Of Electricity Licence

To apply for an importation of electricity or exportation of electricity licence, the Malaysian project company, as Exporter, is generally required to submit the following to the Energy Commission:

(a) a letter of approval issued to the purchaser by the relevant authority of the importing jurisdiction;
(b) a duly executed supply agreement;
(c) a duly executed system access agreement, where applicable; and
(d) such additional information or documentation as the Energy Commission may require in connection with the licence application.

The Commission may grant such licence with the approval of the Minister and may impose additional or varied terms and conditions having regard to its statutory duties. All provisions of the Act applicable to a licensee under Section 9 of the

5 *Energy Commission (Malaysia), Guidelines on Licence Application under the Electricity Supply Act 1990 (Act 447) (2024) https://www.st.gov.my/contents/files/download/153/GUIDELINES%20ON%20LICENCE%20APPLICATION.pdf accessed 22 February 2026, para 4.1.*

Electricity Supply Act apply equally to an importation of electricity or exportation of electricity licensee.

The Electricity Supply Act imposes statutory restrictions on such licences, including:

(a) a maximum validity period of twenty-one years unless extended with the express approval of the Minister; and
(b) a prohibition on transfer without the prior written consent of the Minister.

Exporting electricity without a licence, or failing to comply with licence conditions, constitutes a criminal offence and may attract significant penalties, including substantial fines and imprisonment.[6]

From an investment perspective, the twenty-one-year validity cap should be considered alongside the intended financing tenor and any long-term corporate procurement arrangements, particularly where investors contemplate infrastructure-style capital structures extending beyond the default licence duration.

Land, Planning And Environmental Approvals

A project company must obtain the land, planning and construction approvals applicable to power generation projects in Malaysia. These requirements arise from general land use, planning and environmental regulation and are not specific to renewable energy projects.

Development Order And Planning Approvals

A Development Order is required prior to the commencement of construction.[7] Where the project site is classified as agricultural land, the project company may require either a change of land use,[8] or a special permit from the relevant State Authority to permit the construction and operation of a power plant.[9] Requirements vary by State and project characteristics but commonly arise in connection with utility-scale developments.

Environmental Approvals

Approvals under the Environmental Quality Act 1974 may be required depending on the size and nature of the project.[10] An Environmental Impact Assessment (EIA) is mandatory where the project falls within the prescribed activities and thresholds under the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 2015. This includes fossil-fuel or combined-cycle power plants of 10 MW or more and certain transmission lines in environmentally sensitive areas. Renewable generation facilities are not uniformly prescribed by reference to technology alone. However, associated land-use changes, ancillary works or related transmission infrastructure may independently trigger EIA requirements. These requirements apply irrespective of whether the project is domestic or export-oriented and should be reflected in the development timetable.

6 *Electricity Supply (Amendment) Act 2025 (Act A1775), Amendment of Section 37.*

7 *Town and Country Planning Act 1976 (Act 172) (as at 1 June 2021), s19(1).*

8 *National Land Code (Act 828) (Revised 2020), s52 and s124.*

9 *National Land Code (Act 828) (Revised 2020), s115(4)(f)-(g).*

10 *Environmental Quality Act 1974 (Act 127) (as at 7 July 2024), s34A.*

Register To Participate In The Exchange, And Enter Into A Renewable Energy (RE) Supply Agreement, To Sell Electricity For Export

Electricity exports from Malaysia are governed by the CBES Guide read together with the Electricity Supply Act and the Amendment Act. The CBES Guide distinguishes between the CBES Scheme for non-renewable exports and the CBES-RE Scheme for renewable exports.[11]

The Amendment Act 2025 also introduced the statutory concept of a Market Operator under Section 22C. The Minister may authorise a Market Operator responsible for the management, scheduling and settlement of electricity transactions, and such Market Operator is subject to statutory obligations, including non-discriminatory conduct and compliance with applicable codes and directions.

Under the CBES-RE Scheme, renewable exports are conducted through an exchange administered by the Single Buyer rather than through bilateral power purchase agreements. The Single Buyer procures and sells renewable electricity through competitive processes, schedules delivery, settles transactions and verifies associated green attributes, including the issuance and redemption of renewable energy certificates.

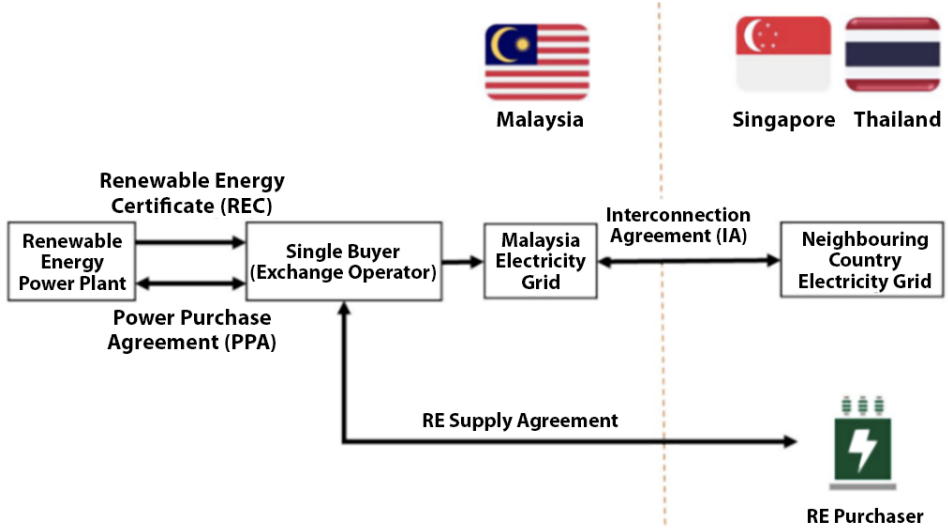

Figure 1: CBES RE Scheme

Exporters must generate and deliver electricity strictly in accordance with the dispatch schedule approved by the Single Buyer, with dispatch executed by the Grid System Operator under the Grid Code. Once approved, export capacity and scheduled energy are treated as firm for scheduling and dispatch purposes under the CBES framework. Delivery takes place through the existing Malaysia–Singapore interconnection, currently up to 300 MW into Singapore, with bundled delivery of electricity and renewable energy certificates. Eligible sources include solar, hydro and other renewable technologies approved by the Energy Commission.[12]

Although export schedules are treated as firm for scheduling and dispatch purposes, the framework does not establish a separate statutory regime guaranteeing

11 Energy Commission (Malaysia), Guide for Cross-Border Electricity Sales (3rd edn, April 2024), cl 11.

12 Energy Commission (Malaysia), Guide for Cross-Border Electricity Sales (3rd edn, April 2024), cl11.6.

priority or compensated firm interconnector access for private exporters. Export availability remains subject to system security constraints, Grid Code provisions and prevailing network conditions.

From a contractual perspective, the Singapore project company, as Importer, contracts with the Single Buyer, while the Exporter participates in the exchange as a registered bidder. The Single Buyer administers scheduling based on auction outcomes, and the Grid System Operator manages dispatch and system balancing in accordance with the Interconnection Agreement and the Grid Code.[13]

Under Section 50C of the now amended Electricity Supply Act, the Commission may issue binding guidelines relating to the importation and exportation of electricity and to green attributes, including ownership, verification and certification. Non-compliance with such guidelines constitutes an offence under the Act.

Under the CBES-RE settlement mechanics, deviations between scheduled and actual delivery may result in imbalance treatment and associated charges. Exporters should therefore assess the allocation of imbalance and scheduling risk, particularly where deviations arise from domestic system constraints, interconnector limitations or other operational factors beyond the generator's control.

Regulatory Discretion And Change In Law Exposure

The statutory framework governing electricity generation and export in Malaysia confers broad discretionary powers on the Energy Commission and the Minister. Both the Public Generation Licence and the importation of electricity or exportation of electricity licence may be granted subject to such terms and conditions as appear requisite or expedient having regard to the Commission's statutory duties. The Commission may also, with Ministerial approval, impose additional conditions or amend existing licence conditions in accordance with prescribed procedures.

This discretionary structure is consistent with Malaysia's broader electricity regulatory regime but has implications for long-term export projects structured on a project-financed basis. Licence conditions may address technical standards, operational requirements, reporting obligations, system security measures, environmental compliance, ownership changes and other regulatory matters. The potential for licence condition variation introduces regulatory change risk that must be considered alongside financing tenor and contractual commitments to offtakers.

In addition to licence condition variation, the Act empowers the Energy Commission to issue guidelines relating to importation of electricity, exportation of electricity and green attributes. Such guidelines may address verification, certification, ownership determination and other operational matters. Non-compliance with such guidelines constitutes an offence under the Act. As guidelines may evolve over time in response to policy or system developments, investors must assess the risk of regulatory recalibration affecting dispatch treatment, settlement mechanics or attribute recognition.

13 *Energy Commission (Malaysia), Guide for Cross-Border Electricity Sales (3rd edn, April 2024), s11.9.*

Change in law risk is particularly relevant in the context of cross-border electricity exports. Export projects operate at the intersection of Malaysian domestic regulation and Singapore's import framework. Regulatory developments in either jurisdiction may affect dispatch treatment, curtailment exposure, environmental attribute eligibility or contractual performance obligations. Where long-term offtake arrangements are contemplated, project documentation should address allocation of change in law risk, including adjustments for regulatory costs, compliance obligations and modification of technical standards.

The statutory recognition of a Market Operator under Section 22C further embeds export transactions within a regulated market structure subject to codes, directions and system governance requirements. Market design, scheduling rules and settlement methodologies may evolve over time. Investors should therefore consider whether contractual frameworks sufficiently address market rule changes and associated economic impacts.

Although the current framework provides a structured and legally grounded pathway for renewable electricity exports, it remains capable of refinement as cross-border electricity trade expands. Regulatory discretion, guideline issuance powers and system security considerations create a dynamic environment. Sophisticated investors and lenders should therefore incorporate regulatory due diligence, compliance monitoring mechanisms and adaptive contractual provisions into project structuring.

Conclusion

Malaysia's CBES-RE framework provides a viable legal pathway for cross-border renewable electricity exports and creates a clear opportunity for privately sponsored projects. However, the regime remains in development and continues to evolve.

In the interim, investors must structure projects within the existing Malaysian regulatory framework while aligning with Singapore's import requirements. Careful allocation of regulatory, operational and change-in-law risks will be critical to bankability. As further regulatory guidance and project precedents emerge, greater clarity is expected, which should strengthen the commercial and financing landscape for Malaysia – Singapore renewable electricity export projects.

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