



Malaysia–Singapore Renewable Electricity Exports: Legal And Regulatory Considerations For Investors

9 March 2026

For more information, please contact:

Chia Loong Thye
ltchia@rdslawpartners.com

David Lee Lai Huat
david.lee@rdslawpartners.com

Falisa Abu Bakar
falisa@rdslawpartners.com

Kamilah Kasim
kamilah@rdslawpartners.com

Lim Sheh Ting
shehting@rdslawpartners.com

Ooi Bee Hong
beehong@rdslawpartners.com

Raphael Tay Choon Tien
raphael@rdslawpartners.com

Tan Gek Im
gekim@rdslawpartners.com

Teo Siang Ly
siangly@rdslawpartners.com

Yap Wai Ming
waiming@rdslawpartners.com

Malaysia's decision to permit cross-border exports of renewable electricity is emerging as a significant opportunity for regional energy investors. Following the publication of the third edition of the Guide for Cross-Border Electricity Sales (CBES Guide), developers are increasingly evaluating privately sponsored, project-financed renewable projects designed to supply Singapore's electricity market.

This alert outlines the principal legal and regulatory considerations relevant to renewable electricity exports from Malaysia to Singapore.

No Project Ownership Restrictions

Malaysia currently imposes no express foreign ownership requirements for export-oriented renewable generation projects under the Electricity Supply Act 1990 (ESA 1990), as amended by the Electricity Supply (Amendment) Act 2025 (AA 2025) or under the CBES Guide.

In principle, a generation licensee may therefore be approved as a wholly foreign-owned entity, subject to the licensing discretion of the Energy Commission and any future policy changes. Export projects are generally not procured through Malaysia's domestic renewable energy quota programmes and are therefore not, under current policy, subject to prescribed ownership or consortium participation requirements. As a result, such projects may be structured as fully foreign-owned companies incorporated in Malaysia.

This position is not absolute. Where projects are developed under government procurement or quota programmes, the relevant programme guidelines may impose equity participation requirements. For example, certain rounds of the Large-Scale Solar programme have required Malaysian equity participation. Investors should therefore confirm whether a proposed project falls within a programme framework that imposes such conditions.

Licensing Requirements

The AA 2025 introduced a dedicated statutory framework governing electricity imports and exports under Part IVA of the ESA 1990.

A project company intending to generate electricity for export must obtain two licences:

- a Public Generation Licence under Section 9 of the ESA 1990; and
- an importation of electricity or exportation of electricity licence under Section 22D.

Public Generation Licence

A Public Generation Licence may only be held by a company incorporated in Malaysia, although such company may be wholly foreign-owned. The Energy Commission retains broad discretion to impose licence conditions.

Typical licence conditions include obligations relating to:

- construction, operation and maintenance of the facility
- compliance with safety, reliability and regulatory standards
- construction milestones and technical specifications
- commissioning and completion timelines
- compliance with voltage, frequency and power quality standards under the Electricity Regulations 1994, the Grid Code and related subsidiary legislation
- regulatory inspection and oversight rights
- restrictions on changes in shareholding or control
- non-transferability without regulatory approval
- insurance requirements and fee payments

- review or variation of licence conditions, including in response to changes in law
- grounds for suspension or revocation.

Importation Or Exportation Of Electricity Licence

To obtain an electricity export licence, the Malaysian project company must typically submit the following to the Energy Commission:

- a letter of approval issued to the purchaser by the relevant authority in the importing jurisdiction
- an executed supply agreement
- an executed system access agreement (where applicable)
- any additional information requested by the Commission.

The Energy Commission may grant such a licence with the approval of the Minister and may impose additional conditions in light of its statutory duties. Provisions applicable to licensees under Section 9 of the ESA 1990 apply equally to import or export licensees.

The Act also imposes certain statutory restrictions:

- licences are valid for a maximum of 21 years, unless extended with ministerial approval
- licences may not be transferred without prior written consent from the Minister.

Exporting electricity without a licence, or breaching licence conditions, constitutes a criminal offence that may attract significant fines or imprisonment.

From an investment perspective, the 21 year licence cap is particularly relevant when structuring long-term project financing or corporate power purchase arrangements that may extend beyond the default licence term.

Land, Planning And Environmental Approvals

Export-oriented renewable energy projects remain subject to Malaysia's general land use, planning and environmental regulatory framework.

Planning Approvals And Development Orders

A development order must be obtained prior to construction. Where project land is classified as agricultural, developers may require either a change of land use or a special permit from the relevant State Authority to permit construction and operation of a power generation facility.

Specific requirements vary across states but frequently arise in connection with utility-scale developments.

Environmental Approvals

Approvals under the Environmental Quality Act 1974 may be required depending on the project's scale and characteristics.

An Environmental Impact Assessment (EIA) is mandatory where projects fall 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 above 10MW and certain transmission infrastructure located in environmentally sensitive areas.

Renewable generation facilities are not universally prescribed by technology alone. However, associated land-use changes, ancillary works or transmission infrastructure may independently trigger EIA requirements. These obligations apply regardless of whether a project serves domestic demand or export markets.

Participation In The CBES-RE Export Framework

Electricity exports are governed by the CBES Guide together with the ESA 1990 and the AA 2025. The CBES Guide distinguishes between:

- the CBES Scheme for non-renewable exports; and
- the CBES-RE Scheme for renewable electricity exports.

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

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

Exporters must generate and deliver electricity in accordance with dispatch schedules 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 within the CBES framework.

Electricity is delivered through the existing Malaysia–Singapore interconnection, currently capable of transmitting up to 300MW into Singapore, with bundled delivery of electricity and renewable energy certificates. Eligible generation technologies include solar, hydro and other renewable sources approved by the Energy Commission.

However, while export schedules are treated as firm for dispatch purposes, the framework does not create a separate statutory regime guaranteeing priority or compensated firm interconnector access for private exporters. Export availability therefore remains subject to system security constraints, Grid Code provisions and prevailing network conditions.

From a contractual standpoint, the Singapore project company acts as importer and contracts with the Single Buyer, while the Malaysian project company participates in the exchange as a registered bidder. The Grid System Operator manages dispatch and system balancing under the Interconnection Agreement and Grid Code.

The Energy Commission may also issue binding guidelines relating to electricity imports, exports and green attributes under Section 50C of the ESA 1990. These may address verification, certification and ownership of renewable attributes. Non-compliance constitutes an offence.

Under CBES-RE settlement arrangements, deviations between scheduled and actual delivery may result in imbalance treatment and associated charges. Investors should therefore assess the allocation of imbalance and scheduling risk, particularly where deviations arise from domestic grid constraints or interconnector limitations.

Regulatory Discretion And Change-In-law Exposure

Malaysia's electricity export framework grants broad discretionary powers to both the Energy Commission and the Minister. Licences may be issued subject to conditions considered necessary to fulfil the Commission's statutory responsibilities, and these conditions may subsequently be varied with ministerial approval. Licence conditions may address operational requirements, technical standards, reporting obligations, system security measures, environmental compliance and ownership changes.

For project-financed export projects, this introduces an element of regulatory change risk that must be considered alongside financing tenors and long-term offtake arrangements.

The Commission also retains authority to issue guidelines concerning electricity imports, exports and green attributes. As these guidelines may evolve in response to policy or system developments, investors must consider the potential impact of regulatory adjustments on dispatch rules, settlement arrangements and environmental attribute recognition.

Cross-border electricity exports also operate within two regulatory regimes. Changes in Malaysian export rules or Singapore’s import framework could affect dispatch treatment, curtailment exposure, renewable attribute eligibility or contractual performance obligations.

Project documentation should therefore carefully allocate change-in-law risk, including provisions addressing regulatory compliance costs, adjustments to technical standards and the potential economic impact of market rule changes.

Conclusion

Malaysia’s CBES-RE framework establishes a credible legal pathway for renewable electricity exports and creates a potential new market for privately sponsored generation projects.

However, the regime remains in an early stage of development. Investors must therefore structure projects within Malaysia’s evolving regulatory environment while simultaneously complying with Singapore’s import requirements.

Careful allocation of regulatory, operational and change-in-law risks will be essential to project bankability. As additional regulatory guidance and market precedents emerge, greater clarity should strengthen the commercial and financing landscape for Malaysia–Singapore renewable electricity export projects.

www.rdslawpartners.com

This publication is for educational and informational purposes only and is not intended and should not be construed as legal advice.

KUALA LUMPUR

Level 16, Menara 1 Dutamas No. 1, Jalan Dutamas 1,
Solaris Dutamas, 50480 Kuala Lumpur
T: +603 6209 5400
F: +603 6209 5411
enquiry@rdslawpartners.com

PENANG

Suite S-21E & F21st Floor, Menara Northam,
No. 55, Jalan Sultan Ahmad Shah, 10050
Penang
T: +604 370 1122
F: +604 370 5678
generalpg@rdslawpartners.com

JOHOR BAHRU

8-35, Menara Delima Satu, Jalan Forest City 1,
Pulau Satu, 81550 Gelang Patah, Johor Bahru
T: +607 585 6414
F: +607 509 7614
generaljb@rdslawpartners.com