



**Keynote Speech by
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**At
World Economic Forum's Centre for Energy and Materials
Energy Transition Meeting**

**"Energy Transition in ASEAN: Fostering Regional
Cooperation"**

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[Salutation]

Introduction

It is an honour and privilege to address this distinguished gathering here in Kuala Lumpur, on the sidelines of the ASEAN-Gulf Cooperation Council and China Economic paralleled opportunity for our region. The topic before us, ASEAN's energy transition and regional cooperation is not merely timely. It is foundational to the region's future growth and long-term stability.

As Chair of ASEAN in 2025, Malaysia is deeply committed to promoting dialogue, building consensus, and advancing regional frameworks that will power a cleaner, more secure, and more inclusive energy future. The energy sector is undergoing significant transformation globally, regionally, and within our national borders. It is imperative that we collectively ensure this transition is both fair and equitable, serving the needs of our population, enhancing resilience, and fostering sustainable growth.

The Urgency of Energy Transition: Global and ASEAN Context

We are meeting at a time when climate change, geopolitical fragmentation, and energy market volatility intersect to define the global landscape. UN Secretary-General António Guterres, speaking at Davos, called climate change an “existential threat to humanity.” This warning is not abstract for us in Southeast Asia. From extreme heatwaves and floods to droughts and energy insecurity, our economies and communities are already feeling the impact.

ASEAN is the world’s fourth-largest energy consumer and home to nearly 700 million people. Over the past two decades, our energy demand has grown by approximately 3% per year, faster than the global average. If current trends continue, the International Energy Agency (IEA) projects ASEAN’s energy demand will increase by more than 60% by 2040.

This growth, while reflective of our economic dynamism, presents us with a pressing dilemma: how do we continue powering our progress while safeguarding environmental sustainability and ensuring affordability for all?

The answer lies in a managed, inclusive, and well-coordinated energy transition, one that reflects the diversity of ASEAN while advancing a common vision.

ASEAN's Transition Milestones and Achievements

Under the ASEAN Plan of Action for Energy Cooperation (APAEC) Phase II (2021–2025), our region has made tangible progress. ASEAN's installed electricity generation capacity has surpassed 315 GW, with renewable energy now comprising 34% of that total. While this is an important milestone, we must recognize that in terms of total primary energy supply, the renewable share remains around 16% a figure that underscores the need to accelerate structural reforms.

Encouragingly, eight ASEAN Member States have pledged to achieve net-zero emissions between 2050 and 2065. We see promising action across the region:

- Vietnam has rapidly expanded its solar capacity by more than 20 GW since 2019;
- Indonesia is anchoring a Just Energy Transition Partnership (JETP) to transition to cleaner energy sources with at least USD 20 billion of support;
- Thailand has adopted a Bio-Circular-Green Economy model to align sustainability with productivity; and

- Malaysia, under the National Energy Transition Roadmap (NETR), targets a 70% renewable share in installed capacity by 2050, from 29% today, through over 10 flagship initiatives spanning grid upgrades, hydrogen, carbon markets, and renewable energy acceleration.

Collectively, ASEAN as a region and nationally has set rather ambitious energy transition targets. However, it is crucial to transition from ambition to action by making sure our energy strategies are financially viable, inclusive, and coordinated across national borders.

Building a Sustainable and Interconnected Regional Energy Market

Ladies and Gentlemen,

ASEAN's energy future must be more interconnected. Our region is richly endowed with renewable resources, yet these are unevenly distributed. Hydropower is concentrated in the Mekong region. Strong solar and offshore wind potential lies in the Maritime states of Philippines, Indonesia, and Malaysia. To unlock this regional potential, we must deepen our physical and institutional integration.

The ASEAN Power Grid (APG) is central to this vision. With seven operational interconnections and more underway, cross-border power trade is not only feasible but mutually beneficial. The Laos–Thailand–Malaysia–Singapore Power Integration Project (LTMS-PIP) is a prime example of which multilateral electricity trade is possible for countries to work together to deliver renewable electricity across borders.

From a national perspective, Malaysia has also been actively expanding bilateral energy exchanges, including with Indonesia, Singapore, and Thailand. A notable milestone was reached on 13 December 2024, when Malaysia commenced its first cross-border green electricity trade with Singapore through ENEGEM (Energy Exchange Malaysia). In just 148 days, over 107 TWh of green electricity generated from solar and hydro has been successfully delivered across the Causeway to Singapore. Such initiatives demonstrate that a smart, flexible, and integrated ASEAN power system is not only possible. It is already taking shape.

Looking ahead, ASEAN will require at least 24.4 GW of interregional transmission capacity by 2040, necessitating over USD 770 billion in investments. These are substantial figures, but they represent opportunity: to build resilience, reduce fossil fuel dependence, and support new green industries.

One of the most critical areas requiring our collective attention is the harmonization of green attributes, particularly Renewable Energy Certificates (RECs). As cross-border trade expands, we must ensure mutual recognition of RECs to prevent double-counting and provide assurance to investors and corporate buyers.

Malaysia strongly supports an ASEAN-wide framework for green attributes that aligns with international best practices, enhances credibility, and facilitates corporate clean energy procurement. This will be among our focus and priority of our Chairmanship, advancing regional frameworks for REC interoperability.

Investment, Technology, and Enabling Policies

Ladies and Gentlemen,

Achieving our goals will require a fundamental shift in financing strategies. ASEAN will need at least USD 3 trillion in cumulative investments by 2050 to achieve its energy transition targets. Malaysia alone requires more than **USD 143 billion** to achieve its renewable energy ambitions under the National Energy Transition Roadmap.

These figures underscore a simple but profound truth, **public finance alone is insufficient**. Therefore, it is imperative for government across the region to create a robust enabling environment to catalyse private investment both domestic and international through coordinated policy reform and innovative financial instruments which shall include:

- Blended finance mechanisms and public guarantees to de-risk early-stage renewable energy projects;
- Deepening of capital markets through the issuance of green bonds, Islamic finance instruments such as sukuk, and sustainability-linked loans;
- Carbon pricing frameworks that reflect the real cost of emissions and incentivize the shift toward low-carbon technologies; and
- Digitalization of the energy ecosystem, including smart grids, AI-based forecasting tools, and demand-side management systems to enhance system flexibility and efficiency.

At the national level, Malaysia has already begun to align our national policy and financing landscape to support this transformation. As a trading nation, we recognize that competitiveness and climate ambition must go hand in hand. Our initiatives include:

- the Corporate Renewable Energy Supply Scheme (CRESS), which enables large electricity consumers to directly source renewable energy from private developers, offering a market-driven route to decarbonization;
- the Low Carbon Energy Generation Programme, which introduces a Contract-for-Difference (CfD) mechanism to improve the bankability of renewable projects and offer price certainty for investors;
- Bank Negara Malaysia's Low Carbon Transition Facility, which provides concessional financing to small and medium-sized enterprises (SMEs) investing in clean technologies; and
- the Hydrogen Economy and Technology Roadmap (HETR), which charts Malaysia's pathway toward becoming a regional hub for hydrogen by 2050, focusing on infrastructure, innovation, and international collaboration.

Ultimately, we believe that efforts to enable a region wide energy transition must be matched by regional alignment. A well-integrated ASEAN energy market supported by common investment frameworks, harmonized technical standards, and coordinated green finance mechanisms will unlock economies of scale, reduce capital costs, and accelerate project implementation across borders.

Inclusive Transition and Regional Cooperation with Gulf and China

Ladies and Gentlemen,

No energy transition will succeed without people at its centre. The transitional journey that we embarked must be inclusive and equitable. We must upskill our workforce, support communities dependent on traditional energy sectors, and ensure that clean energy is affordable for all.

As ASEAN Chair, Malaysia will advocate for a just and people-centric transition, working through existing ASEAN platforms and newer modalities of cooperation such as the ASEAN-Gulf Cooperation Council and ASEAN–China dialogues. The Gulf states bring substantial expertise in utility-scale renewables and green hydrogen. China offers manufacturing scale, technology transfer, and investment capacity. These partnerships should be harnessed strategically, ensuring that no country is left behind or locked into dependency.

Importantly, ASEAN must negotiate from a position of unity. A coordinated regional stance enhances our bargaining power, attracts large-scale investments, and sends a strong signal to global markets that ASEAN is open for green business.

Conclusion: Malaysia’s Commitment, ASEAN’s Opportunity

Excellencies, distinguished guests,

Financing the energy transition is not a cost, it is an investment. An investment in energy security, economic resilience, green job creation, and climate stability. If we act decisively, I believe that we can shape ASEAN into a dynamic engine for sustainable growth, powering not only our region, but contributing meaningfully to global climate solutions.

Malaysia's Chairmanship this year will continue to promote regional cooperation that is practical, fair, inclusive and forward-looking. We will champion energy connectivity, policy alignment, green financing, and technology sharing, which are all grounded in mutual respect and shared benefit.

As Kofi Annan once said, "We may have different religions, different languages, different coloured skin, but we all belong to one human race."

In the same spirit, ASEAN countries may have different energy mixes and national circumstances, but we share one regional ecosystem, one economic ambition, and one planetary responsibility.

Let us move forward with resolve and unity to build an ASEAN energy future that is sustainable, secure, and interconnected.

Thank you.