With current consumption rates and prices, fossil fuels will be depleted in a matter of decades. Adopting alternative energy resources is vital to maintain the progress and prosperity of the country.

International trends show that RE resources are gaining a larger share of energy programmes, especially in Europe and the USA. Various RE efforts also stimulate new economic activities and the possible spin-off potential may well generate new exports and employment. These developments bode well for Malaysia due to the nation&#65533;s abundance of renewable energy.

According to a 1999 DANCED study, energy resource biomass from palm oil bunches, rice husks, municipal wastes and wood residues, together with solar energy account for over 90% of the RE potential in Malaysia. RE contributions to the national economy from biomass alone can reach up to RM 10 billion per year. Even with only a 5% RE share of the national electricity generation, the country saves RM 2.8 billion in coal import costs over 20 years.
[SOURCE: RE A Public Sector Initiative, PTM brochure, p. 2)

The Ninth Malaysia Plan calls for the further development and utilisation of RE resources by supporting initiatives such as the Small Renewable Energy Power Programme (SREP) and Renewable Energy Power Purchase Agreement (REPPA). By 2010, RE is expected to generate and connect about 300 MW of power to the grid in Peninsula Malaysia; with 50MW added to the grid in Sabah. The Plan also encourages other RE sources, such as solar hybrids and the expansion of biomass co-generation.

Adding to the overall benefits are the following public and private sector spin-offs resulting from the implementation of RE and its associated activities:

   An increase in local production of RE-related equipment, such as boilers, solar panels and water heaters, and an increase in the construction, operation and maintenance of biomass power plants.   A greater emphasis on R&D activities for local exportable RE technologies, as well as, an opportunity to develop options for future trading of CO₂ emissions.   An increase in fuel handling services, including collection, treatment, transportation, storage and logistical services and the creation of RE-related businesses, such as trading companies for RE resources.   Generation of income from the sale of electricity to the main grid and conservation of fossil fuels that reduce the dependency on energy imports.   Improved corporate image with &#65533;green&#65533; technologies and a chance to open up marketing opportunities.