1st Session: Policies, Finance and Incentives
“FRAMEWORK ON OTEC DEVELOPMENT IN MALAYSIA”

Presented by:
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MALAYSIA MARINE SURVEY IN THE SOUTH CHINA SEA (MyMRS) (2006-2008)

University of Tokyo RV *Hakure-maru II* (now, known as, MVTeknik Perdana, Owned by Sapura-Kencana)
OTEC POTENTIAL: SUBREGIONAL COOPERATION IN OCEAN THERMAL ENERGY DEVELOPMENT: BRUNEI DS-MALAYSIA-PHILIPPINES

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<th>Point</th>
<th>Latitude (N)</th>
<th>Longitude (E)</th>
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<td>A</td>
<td>8° 39' 41&quot;</td>
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<td>B</td>
<td>8° 01' 26&quot;</td>
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<td>7° 39' 47&quot;</td>
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<td>114° 13' 57&quot;</td>
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<td>E</td>
<td>6° 39' 55&quot;</td>
<td>113° 29' 47&quot;</td>
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PROPOSED LEGAL-POLICY FRAMEWORK

• Adequate existing laws and general policy to promote OTEC development, though not specific enough:
  - Territorial Sea Act of 2012; Exclusive Economic Zone Act of 1984;
  - Sustainable Energy Act of 2011; and
  - the Promotion of Investment Act of 1986;

• Introduce new Law on Ocean Thermal Energy Development; and

• Malaysia’s commitment for “a voluntary reduction of up to 40 percent in terms of emissions intensity of GDP by 2020 compared to 2005.”
FINANCES: PROPOSED FISCAL POLICY & PRIVATE INVESTMENT INCENTIVES

1. INTRODUCE OCEAN THERMAL ENERGY-DRIVEN DEVELOPMENT AS A NEW KEY ECONOMIC AREA (NKEA) WITH A BUDGET ALLOCATION OF USD 120 million, for further development of OTEC and coastal or island communities including Pulau Banggi of Sabah;

2. UTM OTEC be given a concession under the relevant laws of Malaysian waters, in order to pioneer OTEC development with an allocation for R&D and Commercialisation Grant of RM 18 million plus USD 40 million of commercial-demo 4 MW OTEC plant off Pulau Layang-Layang, in order to attract further investments by deep-water oil and gas industry 4 MW x 6 = 24 MW OTEC plant [USD 240 million];

3. Private investment in OTEC development be a “promoted activity” with accelerated capital depreciation allowance of 40 per cent.
PIONEER OTEC SITE: OFF THE ISLAND OF LAYANG-LAYANG

Pulau Layang-Layang

SABAH TROUGH
PROPOSED NEW INSTITUTIONS:

1. OTE DEVELOPMENT UNIT, PRIME MINISTER’S DEPARTMENT

2. OCEAN THERMAL ENERGY NASIONAL (OTENAS)

OIL & GAS: UNSUSTAINABLE ENERGY SUPPLY

OTEC: SUSTAINABLE ENERGY FUTURE

ELECTROLYSIS

\[ 2H_2O \rightarrow 2H_2 + O_2 \]
CONCLUSION: PROPOSED L.I.F.T. FRAMEWORK

1. **LAW & POLICY**: SPECIFIC BILL ON OTEC & SOME ROYALTY FOR RENEWABLES;

2. **INSTITUTIONAL ARRANGEMENT**: OCEAN THERMAL DEVELOPMENT UNIT, PRIME MINISTER’S DEPARTMENT; ESTABLISHMENT OF OTENAS;

3. **SIGNIFICANT FISCAL ALLOCATION & ATTRACTIVE FINANCIAL INCENTIVES**: PROMOTED ACTIVITY & ACCELERATED CAPITAL DEPRECIATION ALLOWANCE; &

4. **TECHNOLOGY ACQUISITION**: THROUGH INTERNATIONAL PROCUREMENT & MORE R, D & C
TERIMA KASIH

MAHALO

Thank You

Merci

Gracias

спасибо

谢谢

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Photo: Distinguished Participants @EWC-EAPI Workshop on Shipping, Energy & the Environment, Honolulu, November 1981