

ENERGY COMMISSION ISSUES UPDATED GUIDELINES FOR MALAYSIA'S CORPORATE RENEWABLE ENERGY SUPPLY SCHEME (CRESS)

19 January 2026



On 29 December 2025, the Energy Commission of Malaysia ('**Energy Commission**') issued the third edition of the Guidelines for Corporate Renewable Energy Supply Scheme ('**CRESS Guidelines**').¹ This latest edition of the CRESS Guidelines came into operation on the same date.

We outline below the key changes made to the Corporate Renewable Energy Supply Scheme ('**CRESS**') regulatory framework.

DOCUMENTS REQUIRED FOR APPLICATION FOR PARTICIPATION IN CRESS

Prior to this, it was a requirement to submit a copy of the executed land lease or sale and purchase agreement, as well as a copy of the executed Bilateral Energy Supply Contract, as part of the application for participation in CRESS. In the updated CRESS Guidelines, this requirement has now been amended to allow applicants to submit a copy of the term sheets for the abovementioned agreements. Upon such submission, the renewable energy developer ('**RED**') may proceed with the first stage of the power system study ('**PSS**').

The executed land lease or sale and purchase agreement and the executed Bilateral Energy Supply Contract, are only required to be submitted within three months of receiving the conditional verification letter from the Single Buyer. Such agreements shall be in the same form and on the same terms as the term sheets that were submitted previously. It is pertinent to note that in the event the agreements are not submitted within the stipulated three-month period, the secured nodal point for purposes of connection to the grid system will be released.

From a practical aspect, the preparation and negotiation of the land agreement and Bilateral Energy Supply Contract would require time. The change in this requirement would allow parties more time to flesh out and finalise the terms and conditions of the full agreements, but without affecting the application process given that they may proceed with conducting the first stage of the PSS based on the term sheets.

¹ Our earlier Alerts on CRESS are available [here](#) and [here](#).

EXCESS ENERGY DUE TO LOWER CONSUMPTION

Another change in the CRESS framework is with regards to where there is excess energy supplied by the RED due to lower consumption by the green consumer. Previously, such excess energy was deemed as free energy to the grid system.

Under the updated CRESS Guidelines, excess energy will no longer be considered as free energy. It will instead be subject to the terms of the Bilateral Energy Supply Contract. This provides the RED with a certain flexibility in the event there is excess energy available. Moving forward, we may see the following provisions being included in the Bilateral Energy Supply Contract:

- (i) the right of the RED to sell such excess energy to another green consumer; and/or
- (ii) a compensation mechanism for any shortfall in consumption in Bilateral Energy Supply Contracts, which could help ensure that a green consumer utilises in full its contracted amount under the Bilateral Energy Supply Contract as well as prevent the RED from suffering any loss with respect to any excess energy.

TWO-STAGE POWER SYSTEM STUDY

Under the updated CRESS Guidelines, the PSS is now split into two stages. The first stage of the PSS shall be conducted following the RED's submission of the application for participation in CRESS. If this is successful, then the Energy Commission will issue a conditional verification letter.

The second stage of the PSS shall be conducted by the RED after it has received the conditional verification letter, and alongside the finalisation and execution of the land agreement and Bilateral Energy Supply Contract. If the second stage of the PSS is successful, then the Energy Commission will proceed to issue the verification letter. However, if the second stage of the PSS is not successful, the secure nodal point will be released.

CONTINUOUS ENHANCEMENT OF CRESS FRAMEWORK

It is evident that the CRESS framework is still being reviewed and will be revised to address areas that require enhancements or clarifications. The latest changes are likely driven by practical considerations as well as market feedback, in particular with regards to the circumstance where there is excess energy due to low consumption by a green consumer. It is anticipated that these changes will help in facilitating increased participation in CRESS.

For enquiries in relation to CRESS, please contact [Richard Khoo](#) and [Rachel Chiah](#), Partners of the Energy Practice of Skrine.



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Through our wide range of practice groups managed by lawyers with extensive experience, we work with our clients to achieve the results they aspire towards. While keeping pace with rapid development on all fronts, Skrine has remained steadfast in its commitment to champion the cause of its clients with diligence, skill, and a relentless pursuit of justice.

OUR APPROACH

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ONE-STOP CENTRE WITH DEDICATED FOREIGN DESKS

We are a one-stop centre for all your legal needs to help you set up in Malaysia and hit the ground running. Beyond our borders, we understand the significance of dedicated foreign desks including **China**, **India (South Asia)** and **Middle East and North Africa (MENA)**. A key benefit is the seamless and efficient delivery of our services to multilingual nations where our lawyers are proficient in Mandarin, and Hindi, while many within the Firm are proficient in Cantonese and Tamil.

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We recognise that from the perspective of our clients, the day-to-day management of internal legal matters does not stop at specific cases that require external legal counsel or representation. We therefore offer a number of value-added services to help clients keep abreast with updates in the law and ensure internal compliance. This includes our e-alerts, newsletters, in-house trainings, workshops and seminars on industry-related legal topics.

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- Legal 500 Asia Pacific: Top Tier Firm Year 2026
- Global Arbitration Review (GAR): Ranked in Top 100 International Arbitration Practice 2012-2025
- IFLR 1000 2019-2025: Tier 1 Firm for Corporate/Mergers & Acquisitions, Energy, Infrastructure and Oil & Gas
- Chambers Asia-Pacific and Greater China Region Awards 2024: Malaysia Law Firm of the Year
- *asialaw*: Malaysia Law Firm of the Year 2023