

An offshore oil rig is shown at sunset, with a large flare emitting a bright flame. The rig is illuminated by its own lights, and the sky is a mix of orange, red, and purple. The sea is dark with some small boats visible in the distance.

# **IMPLEMENTATION OF ENVIRONMENT (REDUCTION OF GREENHOUSE GASES EMISSION) ORDINANCE, 2023**

**8<sup>TH</sup> APRIL 2025**



**BY NATURAL RESOURCES ENVIRONMENT BOARD  
SARAWAK**



# NATURAL RESOURCES AND ENVIRONMENT BOARD SARAWAK (NREB)

❑ The NREB, established on 1st February 1994 under Section 3(1) of Natural Resources and Environmental Ordinance, (NREO) 1993 (Cap. 84 - Laws of Sarawak

❑ Under Section 5 of the Ordinance, the functions and powers of the Board are focused on **safeguarding the environment** and ensuring the **sustainable use of natural resources**, in accordance with the principles of **sustainable development**.

NREB's Headquarters & 8 Regional Offices



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2. Betong
3. Mukah
4. Sibü
5. Kapit
6. Bintulu
7. Miri
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**Kapit Office**  
1<sup>st</sup> Sept 2024

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## Vision

A Green, Clean  
and Healthy  
Sarawak

## Mission

Lead Agency  
Advocates for  
Environmental  
Stewardship and  
Sustainability

# ENVIRONMENT (REDUCTION OF GREENHOUSE GASES EMISSION) ORDINANCE, 2023

## The GHG Ordinance

- Passed in November DUN 2023; and
- Enter into force on 1st March 2024.
- Legal framework for regulating GHG emissions in Sarawak.
- Regulate and reduce GHG emissions from scheduled economic sectors
- Ensure Sarawak's transition towards a low-carbon economy.



# THE PRINCIPALS OBJECTIVES OF THIS ORDINANCE

Protect Sarawak's environment by cutting greenhouse gas emissions to achieve net-zero carbon emissions by 2050.

Businesses in key sectors (listed in the First Schedule) must reduce carbon emissions to levels set by MMKN.

Imposed carbon levy where business entities unable or unwilling to reduce carbon emission to the prescribed level.

Create a reliable system to verify carbon credit projects, allowing credits to be traded locally and internationally (in voluntary or compliance markets).

Follow global standards for measuring, reporting, and verifying carbon emissions and credits.

# STATE'S CONSTITUTIONAL POWERS — TO LEGISLATE ON CCS AND CARBON CREDIT AND LEVY

Under international law, Malaysia must comply with treaties like the **Paris Agreement (2015)**. The **Federal Government** is responsible for meeting these climate commitments.

Implementation depends on the **Federal Constitution**, which divides powers between federal and state governments.

Notably, "**Environment**" is not listed in the Constitution's legislative jurisdiction, creating ambiguity over authority.

An offshore oil rig is silhouetted against a vibrant sunset sky. The sun is low on the horizon, casting a warm orange and red glow. A bright flame is visible from a flare on the rig. The rig's complex structure of towers and pipes is reflected in the dark water below.

## STATE'S CONSTITUTIONAL POWERS TO LEGISLATE ON CCS AND CARBON CREDIT AND LEVY

- Since "Environment" isn't listed in the Federal Constitution, it falls under **state authority** (Article 77).
- Courts have ruled that if environmental issues relate to **land, forest, or water** (state matters), **state laws apply**. These areas include:
  - Projects like **reforestation, carbon storage, Carbon credit issuance** and related benefits
- States have broad power to regulate these activities.

# BROAD STRATEGIES FOR EMISSIONS REDUCTION

To achieve net zero carbon emission by 2050, the Ordinance outlined the following measures to be taken:

## Mandatory Registration

- Scheduled businesses must register with the Controller for emissions monitoring.

## Annual Emissions Reporting

- Sectors must submit reports following international standards.

## Oil & Gas Emission Controls

- Strict limits on flaring and venting of GHGs.

## Carbon Projects & Credits

- Support for forest carbon, carbon capture/storage, and certified carbon credit issuance.

# BROAD STRATEGIES FOR EMISSIONS REDUCTION

## Carbon Registry

- Verified credits registered for trading in local/global markets.

## Carbon Levy & Offset Option

- Penalty for non-compliant businesses, payable partially via carbon credits.

## Quality Assurance

- Rigorous verification to ensure credit integrity, boosting market value and state revenue.

## Centralized Management

- A Registrar oversees the Sarawak Carbon Register, syncing data with Carbon Standard Administrators.



# UPDATE ON CURRENT PROGRESS OF THE IMPLEMENTATION OF THE ENVIRONMENT (REDUCTION OF GREENHOUSE GASES EMISSION) ORDINANCE, 2023



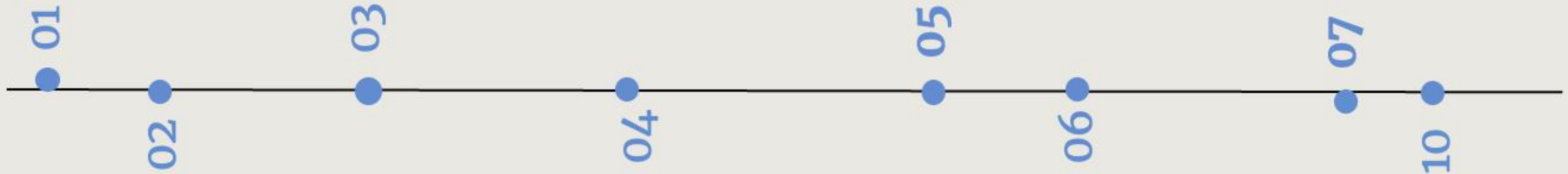
The Environment (Reduction of Greenhouse Gases Emission) Bill was passed by DUN Sarawak on **20<sup>th</sup> Nov. 2023**



Guidelines For Registration: Section 5 (1) of the Ordinance, the scheduled economic sectors (O&G & Energy) shall within ninety (90) days of the coming into force of this Ordinance, to register with the Controller by **30<sup>th</sup> May 2024**

Two Rules were approved by MMKN **24<sup>th</sup> Oct. 2024**

- i. Qualifications and Registration of Accredited External Auditors Rules, 2024
  - ii. Flaring and Venting Rules, 2024
- i. Qualifications and Registration of Accredited External Auditors Rules, 2024 come into force 1<sup>st</sup> May 2025
  - ii. Flaring and Venting Rules, 2024 come into force 1<sup>st</sup> November 2025



Environment (Reduction of Greenhouse Gas Emission) Ordinance, 2023, came into force on **1<sup>st</sup> March 2024**

Guidelines for Carbon Emission Reporting: Section 6 (1) of the Ordinance, within 90 days from the date of the registration under section 5, submit the report to the Controller by **28<sup>th</sup> Aug. 2024**

Out of **19** registered business entities, **13** were in production mode and required to submit verified GHG emission reports by **28<sup>th</sup> August 2024**

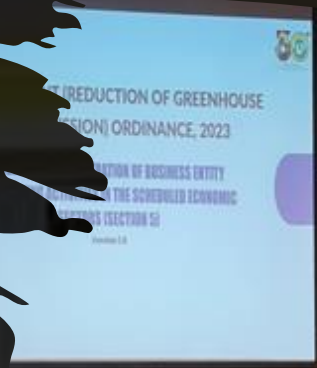
Registrar



# Milestones in Sarawak's GHG Implementation Journey



# Stakeholder Engagement: Guidelines for Registering Business Entities in Sarawak Under the GHG Ordinance, May 2024



# STAKEHOLDER ENGAGEMENT

- Briefing & Discussion on Carbon Emission Reporting Guidelines on 30 July 2024



# STAKEHOLDER ENGAGEMENT

Familiarization with  
Industry's GHG  
Emission Data  
Collection, July 2024



# Submission of 1<sup>st</sup> Emission Report on 27<sup>th</sup> August 2024



New Sarawak Tribune  
August 27 at 12:52 PM · 🌐

Reducing greenhouse gas emissions: Sarawak achieves crucial milestone



NEWSARAWAKTRIBUNE.COM.MY

Reducing Greenhouse Gas Emissions: Sarawak Achieves Crucial Milestone | New Sarawak Tribune

# GREENHOUSE GAS MANAGEMENT SYSTEM (GHG-MS)



**Registration of  
business entity**



**Registration of  
external  
auditors**



**GHG verification,  
submission, and  
calculation**



**Reporting &  
Analytic**



**Permit to flare  
& vent**



**Permit for  
conveyance of  
scheduled  
gases**



**Carbon Levy**



**Payment &  
enforcement**

# IN PROGRESS

- **Qualifications and Registration of External Auditors Rules, 2025: Enter into force on 1<sup>st</sup> May 2025**
- **Flaring and Venting Rules, 2025: Enter into force on 1<sup>st</sup> November 2025**
- **Carbon registry**
- **Development of Greenhouse Gas Management System (GHG-MS)**
- **Emission threshold, carbon levy, carbon pricing, carbon credit, carbon offsets**



# SALIENT FEATURES

## Carbon Levy

### Imposition

- Applied to entities exceeding MMKN-set emission thresholds.
- Rate determined by MMKN; calculation method in Section 24(2).

### Non-Payment Penalties

- **8% late fee** (or Gazette-specified rate) on unpaid amounts.
- Unpaid levies recoverable as **civil debt**.

### Carbon Credit Offset

- Defaulters' carbon credits may be **cancelled** to settle owed levies.

# OTHER SALIENT FEATURES



## Advisory Panel

Advises the government on:

- Carbon capture/storage (CCS)
- Emission thresholds & carbon pricing
- Carbon credit criteria
- Net-zero strategies (2050 target)



## Regulatory Powers (MMKN)

Sets rules for:

- Carbon pricing & levy assessment
- Carbon credit registration/trading
- Flaring/venting controls

# ANALYSIS

## Sarawak's Climate Leadership in Malaysia

### 1. Legal Gap & Sarawak's Initiative

- a) Despite Malaysia's Paris Agreement (2015) ratification, **no federal climate law exists.**
- b) Sarawak's Ordinance is **Malaysia's first climate law**, aligning with net-zero 2050 goals.

### 2. Key Actions for Net-Zero

- a) **Forest carbon projects** (reforestation/afforestation).
- b) **Carbon capture & storage (CCS)** development.
- c) **Carbon credit incentives** for green projects.

### 3. Federal Reporting

- a) Emission cuts & Sarawak's carbon credits will be included in Malaysia's **UNFCCC reports**, adjusted for exported credits.

# THANK YOU

**"A Green, Clean and Healthy Sarawak"**



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