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Make renewable energy competitive

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CONSISTENT STRATEGY NEEDED

Make renewable energy competitive

DR NG BOON KWEE AND PRASNA NAIR SREEDHARAN

THE demand for electricity and energy has been rapidly increasing over the years in step with population and economic growth, leading to budding industries and sectors.

This development is especially prolific in Southeast Asian countries, including Malaysia. A study by Rajah Rasiah and his colleagues from Universiti Malaya in 2016 showed that the cumulative cost of climate damage for Malaysia and Asean without any optimal policy or action would be RM40.1 billion from 2010 to 2110.

Malaysia has taken note of this concern. On Nov 20, 2009, the cabinet enacted the National Policy on Climate Change, which is one of the earliest climate change policies in Asean.

At the same time, the Energy, Green Technology and Water Ministry formulated the National Renewable Energy Policy and Action Plan in 2008 to advance renewable energy industries in Malaysia.

Internationally, Malaysia committed to the Kyoto Protocol in September 2002, and signed the Paris Agreement under the United Nations Framework for Climate Change Convention in 2015. Efforts to foster and accelerate renewable energy adoption in Malaysia are continuing in the five-year developments plans and cross-sectoral (and technological) policies.

Other renewable energy related acts, policies and guidelines are: the Sustainable Energy Development Act (2011), the Renewable Energy Act (2011), the National Energy Efficiency Action Plan (NEEAP) (2016), the Green Technology Master Plan (2017-2030) and the National Policy on Climate Change (2019).

The Sustainable Energy Development Authority (SEDA) was established under the Sustainable Energy Development Act to oversee the execution of the renewable energy feed-in tariff system.

Overall, Malaysia's renewable energy policies prioritise increasing the percentage of renewable energy supply in the domestic energy mix, improving the supply and utilisation of green technology by introducing alternative financial schemes, such as Green Sukuk, and energy efficiency initiatives by promoting sustainable financial mechanisms and promoting private sector participations.

The state of renewable energy adoption can be summarised as:

STRENGTHS: The nation's commitments are reflected in well-documented energy policies that address the renewable energy and carbon emission reduction targets, as well as institutional creation.

Malaysia's structured and consistent sustainable finance approach that features Sukuk Finance is a global leader in shaping the future of sustainable financing, which can be attributed to a lack of conflicts of interest in execution.

WEAKNESSES: The lack of competitiveness of market providers is the biggest hindrance. Policies have shifted with leadership instability in the recent years and Malaysia has not been able to maintain a particular direction and strategy focus.

OPPORTUNITIES: Malaysia has the resources and ability to scale renewables up. But there needs to be better channelling of resources to more strategic fronts, such as investing in research and development with active collaborations with universities and learning centres.

A floating solar farm in Danau Tok Uban, Kelantan. There is an urgent need for renewable energy adoption in Malaysia to mature into a bigger percentage of the energy mix. FILE PIC

THREATS: The levelised costs of energy is important, thus, subsidies in particular sectors in the form of finances can be harmful, disallowing businesses from growing and prospering. These incentives that exist to aid major fossil fuel industry players have created inequities in the market.

Despite having such policies and development plans in place, the Green Future Index Country Ranking for 2022 released by the World Economic Forum ranked Malaysia 65th out of 76 nations and territories, which is below Singapore, Thailand, Vietnam and Philippines.

The index measures how countries are reducing carbon emissions, developing clean energy and are innovating in green sectors. The rank also looks at environmental protection and government climate policies.

The signal is clear. There is an urgent need for renewable energy adoption in Malaysia to mature into a bigger percentage of the energy mix.

In the status quo, the uncompetitive renewable energy landscape in Malaysia has hindered the progress of the sector. This can be eased with more consistent leadership and strategies with strategic implementation and execution.

A possible way forward would be to stop looking at fossil fuels as the primary source of energy in the long-term since it threatens the energy security of Malaysia.

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