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Yeo: Energy efficiency can save RM47b

KUALA LUMPUR — A joint study by the Economic Planning Unit and the United Nations Development Programme estimated that Malaysia had potential energy savings of up RM46.92 billion from 2016 to 2030, said Energy, Green Technology, Science, Climate Change and Environment Minister Yeo Bee Yin.

During her winding up session on the Midterm Review of the 11th Malaysia Plan (RMK11), she said this showed huge potential for the energy efficiency industry.

“The study shows that the main obstacle from widespread use of energy efficient practices is the lack of regulatory framework. Therefore the government is in the process of coming up with the framework for the Energy Efficiency and Conservation Act (Eeca).

“The Eeca draft will be tabled next year. At the same time the government has also reviewed and improved the National Energy Efficiency Action Plan (Neeap) 2016-2025. The government will focus on the building sectors because it has been identified as low

hanging fruits,” said Yeo.

She said that buildings utilise up to 50 per cent of Malaysia’s electricity consumption, reflecting a huge potential for cost savings if their energy usage could be optimised.

To jumpstart the energy efficiency sector, Yeo said her ministry is cooperating with the Works Ministry to prepare an Energy Performance Contract (EPC) to retrofit roughly 5,000 government owned buildings nationwide.

The contract is expected to be completed in January.

“EPC can unlock the potential energy saving efficiency without putting a big financial burden on the government,” she said.

“Under its mechanism an energy service company (Esco) will come up with the funds for retrofit projects such as replacing chillers and LED lights in government buildings and share the cost saving bill with the government.

“For instance, after retrofitting a

government building, the cost saving (for the building’s electricity bill) will be at 20 per cent. This will be divided between the government and the Esco. The government saves 10 per cent and the Esco will take 10 per cent for a certain period of time.”

This allows the government to save 10 per cent in electricity bills while the Esco will obtain a 10 per cent constant revenue stream.

In other words, the government will pay Tenaga Nasional Berhad (TNB) 80 per cent of its current electricity bills after the retrofit is completed. The government will also pay 10 per cent of its current electricity bill to the Esco for the stipulated contractual period.

After the contractual period is over, the government will only pay TNB 80 per cent of its current electricity bill without paying anything more to the Esco and it keeps the retrofitted electrical equipment as assets.

This also allows the Esco to increase its viability through constant revenue stream so they may obtain further project financings from banks.