

Headline	Carbon tax will shift focus to renewable energy sources		
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POLICY MOVE

Carbon tax will shift focus to renewable energy sources

HUMAN activities are largely to blame for the emission of carbon dioxide (CO₂), accounting for about two-thirds of greenhouse gases (GHGs).

The Intergovernmental Panel on Climate Change said the average global surface temperature from 1880 to 2012 has increased by 0.85°Celsius, causing global sea level to increase by 19cm in 2010.

The National Aeronautics and Space Administration reported that the global surface temperature in 2017 ranked the second highest since 1880.

Given the trend, it is expected that sea level rise may increase by 24 to 30 cm by 2065 and 40 to 63 cm by 2100 relative to the reference period of 1986 to 2005.

Due to implications from climate

change, it is imperative that the government focuses more on promoting and using renewable energy sources as a replacement now.

However, the government must come up with a policy on renewable energy and its implementation plan, though the country has acted to reduce dependency on fossil fuels since the 8th Malaysia Plan.

Instead of relying too much on coal, the government needs to encourage the adoption of renewable energy, such as solar power, mini-hydro and bio-mass, for cleaner energy generation.

Previously, there was a project conducted to assess and outline the potential of renewable energy as the fifth fuel.

However, this was deemed a failure as it failed to gain the desired results due to viability problems.

This, coupled with the low electrical tariff bought by the government-linked utility company and heavy financial charges, weighed down the investment initiatives for the project.

This effort continued to gain traction and was intensified by the 11th Malaysia Plan where the government raised about RML2 billion for the Green Technology Financing Scheme.

It also set a 100-megawatt quota per year to encourage the use of solar panels through the Sustainable Energy Development Authority with another RM45 million allocated in 2017 to fund the installation of solar panels in 1,600 houses in Malaysia.

Since last year, the government has encouraged more investments in renewable energy technologies by providing incentives and exemptions.

For example, for the solar leasing programme, the government provides a two per cent interest incentive on the cost of investments for the first five years and a 70 per cent tax exemption to participating businesses until 2023.

However, the scale of adoption is minuscule. The Energy Commission Report of 2017 said Malaysia's total primary energy supply added up to 98,289 kilotonnes of oil equivalent (ktoe) in 2017, and 93 per cent of it was made up of fossil fuels, comprising natural gas (41.9 per cent), crude oil petroleum (30 per cent) and coal

(21.2 per cent).

This shows that despite the effort taken, Malaysia is highly dependent on fossil fuels for its energy needs.

Therefore, it is hoped that the government increases its focus on the enforcement of the renewable energy policy to fulfil the long-term goal.

One of the approaches is by imposing a carbon tax, where fossil fuel consumption will be taxed based on how much carbon it emits when burned.

Consequently, using fossil fuels will become less cost effective and push the industry to shift to renewable energy sources.

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