16 APR, 2024

Catching up with renewables

The Star, Malaysia

Catching up with renewables

SEA 'woefully off-track' in green investments, firm says

Singapore SOUTH-EAST Asia is "woefully off track" on green investments to reduce emissions and needs new policies and financial mechanisms to help bridge the gap, the global consultancy Bain & Company said.

With energy consumption in the region expected to grow 40% this decade, climate-warming carbon dioxide emissions remain on the rise, with the region still dependent on fossil fuels, said an annual report compiled by Bain, green investment group GenZero, Standard Chartered Bank and Temasek yesterday.

"We believe that an acceleration of effort by countries, corporates and investors is imperative as South-East Asia remains woefully off-track," said Kimberly Tan, GenZero's managing director.

Fossil fuel subsidies are around five times higher than renewable investments.

High capital costs, as well as uncertain grid and tariff regulations, have also made it harder to finance renewable projects.

The report said 60% of the region's coal-fired power plants are relatively new, meaning that they are still tied into long-term purchasing agreements and investment return commitments, making them far harder to shut down.

"There is over US$1 trillion (RM4.8 trillion) of unrecovered capital in young coal plants and that's predominantly in Asia," said Tim Gould, who is the chief energy economist at the International Energy Agency.

"It doesn't allow much room for renewables to grow.

"There is a need for creative financing approaches," he told a conference in Singapore.

South-East Asia is the second worst performing region when it comes to investments in renewable energy, behind only Sub-Saharan Africa, according to an April report by Singapore's Economic Development Board and the McKinsey consultancy. — Reuters