

OPENING ADDRESS
BY
YB DATO' SRI PETER CHIN FAH KUI,
MINISTER OF ENERGY, GREEN TECHNOLOGY AND WATER
THE FOURTH ENERGY FORUM 2012
Thursday, 27 September 2012, 9.30am,
Hotel Sheraton Imperial, KL.

Y. Bhg Datuk Loo Took Gee
Secretary General
Ministry of Energy, Green Technology and Water

Y. Bhg Tan Sri Datuk Dr Ahmad Tajuddin Ali
Chairman
Suruhanjaya Tenaga

Y. Bhg Datuk Ir Ahmad Fauzi Hasan
Chief Executive Officer
Suruhanjaya Tenaga

Y. Bhg Datuk Abdul Rahim Haji Hashim
President
Malaysian Gas Association (MGA)

Y. Bhg Dato' Abdul Razak Abdul Majid
President
Energy Council of Malaysia (ECOM)

Distinguished speakers and panelists of Fourth National Energy Forum,

Members of the Media,

Ladies and Gentlemen,

Good Morning and Salam 1 Malaysia.

1. First and foremost, I would like to congratulate Suruhanjaya Tenaga, Malaysian Gas Association and the Energy Council of Malaysia for organizing the Fourth National Energy Forum with the theme '***Building A Framework Towards A Sustainable Energy Future***'. I view this forum as a timely and important platform for the Government in particular, to discuss the various energy issues that are currently being faced by the country. The issues need to be addressed in a holistic manner in order for us to frame out a sustainable energy plan that will fulfill our developmental goals towards becoming a high income country in 2020 and beyond.

2. The global energy sector is facing numerous major challenges, such as tightness in fuel supply, depleting fossil fuel reserves, volatile prices and global warming. This situation poses more challenges especially as the world's overall demand for energy continues to rise due to global economic development and population growth.

3. I am pleased to note that the hard work and effort put in by the organizers in the past three previous fora have helped shape this Forum into a premier gathering, bringing together senior Government officials, regulators, industry captains and key stakeholders to discuss on emerging issues, challenges, opportunities and strategies towards ensuring a sustainable energy environment to meet Malaysia's future energy needs to drive the economy. It is only appropriate that the Forum be formalised as a 'NATIONAL ENERGY FORUM' and the Ministry has the great honour to provide this recognition. Congratulations once again to the organizers.

Ladies and Gentlemen,

4. Malaysia's final energy demand is projected to grow at 3.4 percent per year, reaching 92.9 million tonnes of oil equivalent in 2030, which is more than two times the 2010 level. This leads to the next big question for Malaysia on how best to allocate our scarce energy resources between competing users. The country is fortunate to have been endowed with oil and gas resources to support our national economic development. However, against the backdrop of volatilities and uncertainties in the global energy scenario, it is not surprising that many countries have started to explore other alternative fuels for power generation. With our Government's decision to rationalize fuel subsidies to reflect the real cost of electricity supply and re-directing subsidies to the needy, more emphasis is being placed on renewable energy sources, cheaper coal and hydro as well as nuclear as part of long term consideration.

5. The total gas consumption in the Peninsula has risen by 13 percent (%) over the last decade and the bulk comes from the non-power sector that has been driven by the heavily subsidized gas pricing. This has strained Malaysia's supply infrastructure, causing frequent supply disruptions. Hence, Malaysia is facing major energy challenges as we are fast moving towards becoming a country that has to rely on imports to meet our domestic energy needs. The issue needs to be addressed urgently in order to sustain our rapid economic growth through 2020 and beyond.

Ladies and Gentlemen,

6. In addressing the challenges surrounding the energy supply, the Government is embarking on energy efficiency (EE) initiatives. EE is an effective and efficient policy instrument that can offer an excellent solution to reduce our energy demand but at the same time retain or improve the benefits derived from the energy utilisation. Presently, the Government is carrying out several EE initiatives on various segments of energy users in the country. Among them are the development of Energy Services Companies (ESCOs) to help energy users to identify and attain energy savings potential; Sustainability Achieved Via Energy Efficiency (SAVE)

Programme to promote market penetration of energy efficient appliances in the household sector as well as energy efficient chillers for the commercial sector by providing cash rebates; and energy efficiency improvement in buildings by demonstration projects and enhancement of buildings code. In addition, the Government is also providing various fiscal incentives such as investment tax allowances, pioneer status and import duty and sales tax exemptions for EE improvement initiatives by the business entities.

7. The above initiatives have provided some notable achievements. However, we believe we can achieve better results if there is a more comprehensive and systematic approach towards energy efficiency. In this respect, my Ministry is developing the National Energy Efficiency Master Plan to streamline efforts in addressing the issues of energy supply and demand together with issues related to energy-use such as greenhouse gas emission and climate change. To ensure the success of these initiatives, the Energy Efficiency Policy will be further strengthened by improving the enforcement of the prevailing regulations. To ensure the successful implementation of energy efficiency, the Government is also enhancing the existing regulations and guidelines such as the Minimum Energy Performance Standards regulations. In addition to these, the Government will also enhance and strengthen the institutional and regulatory framework as part of the Malaysian Electricity Supply Industry (MESI) reform initiative which is being spearheaded by my Ministry.

Ladies and Gentlemen,

8. Another notable development in Malaysia's energy industry has been carved with the introduction of International Competitive Bidding for the construction of new Combined Cycle Gas Turbine (CCGT) of 1000-1400MW in Prai as well as calling for selective bidding exercise among first generation Independent Power Producers (IPPs) and Tenaga Nasional Berhad's (TNB) ageing plants. Suruhanjaya Tenaga has been entrusted by the Government to conduct the Competitive Bidding exercise to provide the best value to the nation in order to ensure independence, credibility and transparency to the process.

9. The Competitive Bidding will result in a new capacity to be installed in Prai using the latest gas turbines of significantly higher efficiency to optimize the use of gas which is more environmentally friendly. Upon completion, the newly developed gas turbines could surpass the 60% efficiency in combined cycle mode, marking another first for the country. These are necessary steps undertaken by the Government to cater for the increasing national demand expected by 2017. It is also in line with our efforts to further enhance transparency and efficiency in Government's deliverables.

10. The Government will continue to support the National Energy Forum as an avenue to address the development, challenges and issues of the energy sector which has an influential impact in one way or another on commercial businesses as well as the daily life of the ordinary layman and working towards formulating new ideas towards developing the energy sector for the future and spurring the economic growth of Malaysia.

11. This is in line with the Government's energy policy which focuses on three main objectives, which is to ensure a reliable, high-quality and cost effective supply of energy to the nation. In this regard, I am confident that the various energy sector initiatives that have been developed by the Government will enable us to successfully ride through the future energy challenges through and beyond the year 2020.

12. Among the initiatives to further spark our energy sector development under the Economic Transformation Programme (ETP) are multi-billion efforts to intensify oil and gas exploration activities, enhance depleted fields recovery, develop marginal fields, increase gas imports, improve energy efficiency, increase renewable energy generation and build capacity for the nuclear option.

Ladies and Gentlemen.

13. In closing, I wish to once again thank Suruhanjaya Tenaga, Malaysian Gas Association and Energy Council of Malaysia for organizing the Fourth National Energy Forum. I would also like to thank all the distinguished panelists for their invaluable contributions. To all participants, I am looking forward to receiving your valuable inputs on more effective ways to manage our country's energy sector. I wish you all a very fruitful discussion today.

14. On that note, it is my pleasure to officially declare open the Fourth National Energy Forum 2012.

Thank you.