

**Pacific High-level Policy Dialogue on
“The Role of Macroeconomic Policy and Energy Security in supporting
Sustainable Development in the Pacific”**

8-9 October 2012, Nadi, Fiji

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Session 3– Developing a Shared Vision and Coordinated Actions

Presentation

Macroeconomic Impact of Different Energy Scenarios

by

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THE ROLE OF MACROECONOMIC POLICY AND ENERGY SECURITY IN SUPPORTING SUSTAINABLE DEVELOPMENT IN THE PACIFIC

Session 3 - Macroeconomic Impact of Different Energy Scenarios

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Subsidies in Malaysia, one of highest in world



Item	Actual Price	Consumer Pays	Government Pays	
1. Local rice	2.40	1.80	0.60	25%
2. Sugar	2.50	2.30	0.20	8%
3. Cooking oil	4.75	2.50	2.25	45%
4. Flour	1.90	1.35	0.55	29%
5. Ron 95	2.75	1.90	0.85	31%
6. Diesel	2.66	1.80	0.86	32%
7. Cooking gas	48.03	26.60	21.43	45%

- *Total cost of subsidies: RM33.2 billion (exclude indirect subsidies to education & health)*
- *16.4% of operating expenditure; 16% of revenue; 4.5% of GDP*
- *Almost half (RM16 billion) are for petroleum and diesel*



The New Energy Policy: The Energy Master Plan has 5 pillars

- **Market pricing** for petroleum products, natural gas, electricity and coal by 2015. Gas prices for power and non-power sectors will be revised every 6 months to gradually reflect market prices.
- **Supply side initiatives for alternative energy sources:** consideration on imports of LNG and coal and emphasis on renewable energy, nuclear energy as an option.
- **Industrial efficiency in energy** for residential, townships, buildings and commercial uses as described above.
- **Stronger governance:** Increase market discipline for natural gas and electricity.
- **Managing change:** Integrated and sequenced approach to achieve outcomes such as through implementing the AFFIRM Framework explained above.

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Progressive National Policies on Environmental Protection and Conservation



National Policy on the Environment (2002)

- Ensure socio-economic, progress through environmentally sustainable development
- Strategies focus on management of natural resources and environment; prevent and control pollution; strengthen institutional capacity; educate, create awareness;
- formulate action and implementation plans

National Green Technology Policy (2009)

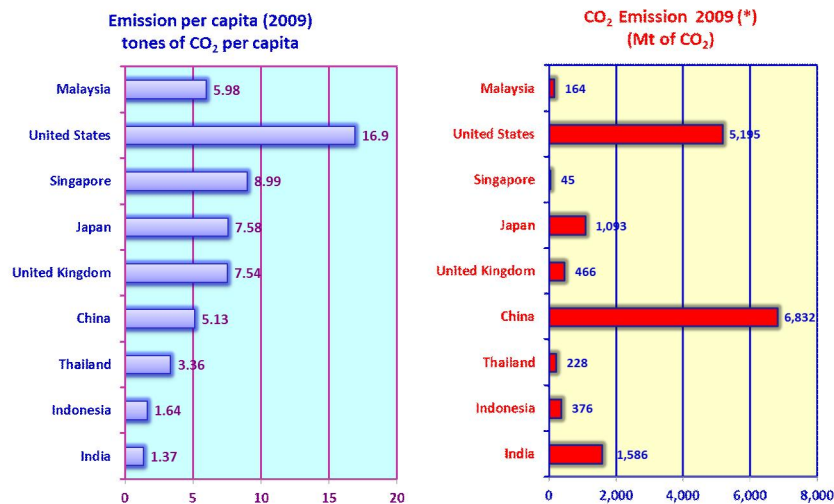
- Promote sustainable development
- Develop roadmaps on application of green technologies across sectors; power generation, transport, construction
- Establish a Green Technology Financing Scheme : RM1.5 billion guarantee fund for loans in green technology, construction and innovation

National Climate Change Policy (2009)

- Stream and coordinate across existing legislation and policies
- Establish inter-ministerial and cross-sectorial committees to drive and facilitate implementation of adaption and mitigation measures
- Identify options and strategies to achieve a low-carbon economy

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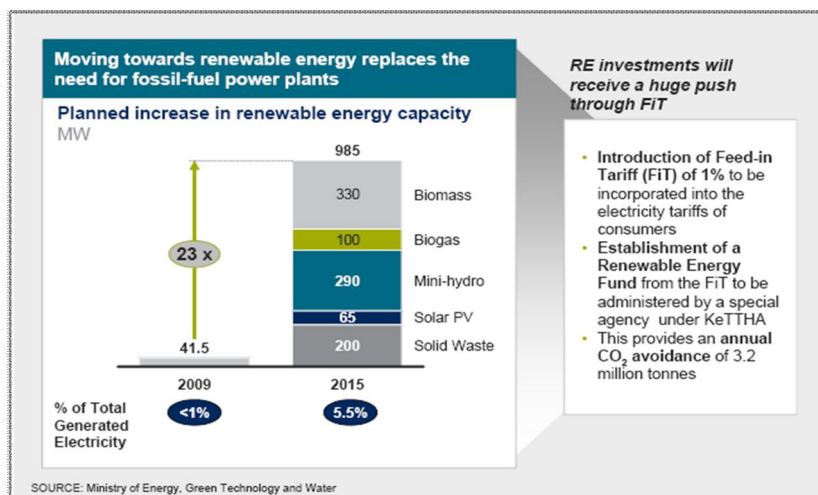
For the energy sector in 2009, emission intensity



Source : 2011 Key World Energy Statistics
 (*) CO₂ emissions from fuel combustion only. Emissions are calculated using the IEA's energy balances and the Revised 1996 IPCC Guidelines

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Renewable energy will increase from <1% in 2009 to 5.5% of Malaysia's total electricity generated by 2015



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Initiatives to Drive Energy Efficiency Efforts



Sector	Highlight Initiatives
Residential	<ul style="list-style-type: none"> Ø Phase out incandescent light bulbs by 2012 to reduce carbon dioxide emissions by an estimated 732,000 tonnes and reducing energy usage by 1.074 gigawatts a year. Ø Increase energy performance labelling from four (air conditioner, refrigerator, television and fan) to ten electrical appliances (six additional appliances – rice cooker, electric kettle, washing machine, microwave, clothes dryer and dishwasher). Labelling appliances enables consumers to make informed decisions as they purchase energy efficient products.
Township	<ul style="list-style-type: none"> Ø Introduce guidelines for green townships and rating scales based on carbon footprint baseline and promoting such townships starting with Putrajaya and Cyberjaya
Industrial	<ul style="list-style-type: none"> Ø Increase use of energy efficient machineries and equipment such as high efficiency motors, pumps and variable speed drive controls Ø Introduce Minimum Energy performance Standards for selected appliances to restrict the manufacture, import and sale of inefficient appliances to consumers
Building	<ul style="list-style-type: none"> Ø Revise the Uniform Building By-Laws to incorporate the Malaysian Standards : Code of Practice of Energy Efficiency and Renewable Energy for Non-Residential Buildings (MS1525) " Allows for integration of renewable energy systems and energy saving features in buildings Ø Increase adoption of the Green Building Index (GBI) to benchmark energy consumption in new and existing buildings Ø Increase use of thermal insulation for roofs in air conditioned building to save energy

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AFFIRM Framework Complete Eco-System for Environmental Sustainability



A cross cutting framework : AFFIRM Framework of Awareness, Faculty, Finance, Infrastructure, Research and Marketing.

•**Awareness** : Increasing awareness level on environmental sustainability as a shared responsibility – co-operative efforts with private sector and civil society.

•**Faculty** : Increasing local capacity and knowledge on green topics at schools and tertiary institutions; grading and certification for competencies in green technology;

•**Finance** : Financial incentives to explore, adopt and innovate on green technology. A green technology soft loan guarantee scheme of RM1.5 billion for investments in green technology; tax incentives for building and designs that work harmoniously with nature.

•**Infrastructure** : The Government initiates green townships in Putrajaya and Cyberjaya with guidelines and rating scales based on carbon footprint; guidelines implemented for other green townships across the country;

•**Research** : Research, development and commercialization efforts in green technology through local research centres and industries; encourage partnership with foreign institutions, universities or multi-national companies

•**Marketing** : Develop a national eco-labeling scheme and standards for products and services that matches international standards; increased labeling of environmentally-friendly goods and services such as Energy Efficiency Star Rating, Low Carbon Footprint Products and Green building Index to increase Malaysia's competitiveness.

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Thank You



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