Food for Thought

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LETS START WITH KeTTHA TO REDUCE GOVERNMENT'S OPERATIONAL COST

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LETS START WITH KeTTHA TO REDUCE GOVERNMENT'S OPERATIONAL COST

Step 1: Actual Engineering Based Energy Efficiency Methods Should Be Deployed To Reduce Government's Electricity Bill

The Prime Minister has outlined 11 austerity measures to reduce government's operational cost. One of it was to reduce electricity cost by 5% for all government agencies.

The government should not waste tax payers' money in getting enrolled in Energy Performance Contracting (EPC). Energy auditors are actually certified by an agency under Ministry of Energy, Green Technology and Water (KeTTHA). By outsourcing this work, KeTTHA is admitting that the government is incompetent of carrying out their own energy audits. The existence of Energy Commission, Public Works Department (Jabatan Kerja Raya - JKR) and many employed engineers there are not for decoration. Government must optimise this human capital to carry out energy audits without additional cost to government. The energy audit must identify No Investment Initiatives, Low Investment Initiatives and High Investment Initiatives. These initiatives will vary with the percentage of possible savings via Energy Efficiency measures.

No Investment Initiatives are directly related to behaviour pattern, consumption pattern and simple adjustment to daily operations. Low Investment Initiatives are those that involve changing of equipments, electricity wiring redesigning to introduce zoning (lighting), changing of glass panels, addition of shading, etc. Saving from both the initiatives (no investment and low investment) can be used by the government later on. For example, after full implementation of No and Low Investment Initiatives, government will be able to reduce close to 20% (in general) of its total electricity consumption and sometimes more. This saving eventually can be used to invest in High Investment Initiatives energy efficiency measures. This is how energy efficiency implementations should be done for government agencies.

A statement given by the Secretary General of Ministry of Energy, Green Technology and Water (KeTTHA) on 4th January 2014, that No and Low Investment Initiatives cannot save more than 20% is very vague. She was also quoted in the local daily that KeTTHA's Less Energy Office (LEO Building) is consuming 54% less electricity compared to conventional commercial building. If 30% goes to High Investment Initiatives, the balance 24% will fall under No and Low Investment Initiatives. In the similar statement, the KeTTHA Secretary General mentioned that EPC is carried out for High Investment Initiatives only and the High Investment Initiatives can only save between 3.9% and 17% based on KeTTHA's energy audit results. Why KeTTHA is contradicting its own statement? Why KeTTHA is so protective of EPC? Why KeTTHA is manipulating numbers to push for EPC? AWER leaves it to public to judge.

EPC will take about 75% of the saving from drop in electricity bill for a specified period of time. This is based on statement by former KeTTHA minister on 6th Jan 2013 in a local daily. Moreover, once government award the EPC contract, these companies will use the contract to get financing for project. Again, financial cost including interest rate and profit margin will be eventually paid via tax payers' money. The table below shows the difference of cost that will be passed to government that will be taken from the savings or paid directly using KeTTHA's EPC Measures and AWER's Energy Efficiency Measures:

Cost Incurred via KeTTHA's EPC Measures	***Cost Incurred via AWER's Energy Efficiency Measures***
(i) Energy Audit (ii) EPC Financing cost (including interest rate) (iii) Profit margin (not regulated) (iv) Cost of technology	(i) Cost of technology (via open tender)

Now, ***why KeTTHA have to push for EPC when it will cost the government more? Is KeTTHA also admitting that the government is not competent to carry out its own energy audits whereby the energy auditors are certified by an agency under KeTTHA itself?***

The range of cost saving for government building goes in tandem with the age of building, equipments and facilities. Secondly, government must classify all government set up into critical, sub critical and non-critical to achieve cost saving in electricity bill. These should be done with two parameters. The first parameter is the percentage of savings and the second is the estimated amount of savings. Based on these two parameters, government can invest selectively to address the critical buildings followed by sub critical and non-critical.

In addition to that, a new Building Energy Efficiency Regulation must be developed by Energy Commission. This regulation must cover the following areas:

(i) Different set of regulation for new building and retrofitting existing building;

(ii) Heating, Ventilation and Air Conditioning (HVAC) System;

(iii) Building materials and design;

(iv) Insulation materials and probable application; and

(v) Transition period

This regulation must have a 5 year review period to ensure it keeps up with latest available technology. In this way, both government buildings and commercial buildings can be designed to be energy efficient at construction stage. There should be a mandatory requirement that the building must be in compliance with the new regulation to be allowed to operate. This will also prevent government from wasting tax payers' money to retrofit new buildings (like in Putrajaya) to be energy efficient again.

Step 2: Close Down Redundant Agencies In KeTTHA

While YAB Prime Minister outline austerity measures, KeTTHA continue to waste public fund via redundant agencies that should not exist. In the Budget 2014, a new redundant agency was created. The Malaysian Green Foundation is being created to promote Green Technology in Malaysia and RM 15 Million is being allocated as launching grant. This function has been carried out by Green Technology Corporation and also Malaysian Investment Development Authority (MIDA). We urge the Prime Minister to stop the formation of this redundant agency and save RM 15 million from being wasted as well as cost of setting up new office bearers, CEO and board of directors.

In addition to that, three more redundant agencies still exist in KeTTHA. These agencies are Sustainable Energy Development Authority (SEDA), Water Supply Department (JBA) and Sewerage Services Department (JPP). The duties by these agencies can be carried out by existing agencies and organisation as listed below:

Redundant agency	***Agencies and organisations that can carry out the duties***
Sustainable Energy Development Authority (SEDA)	Energy Commission
Water Supply Department (JBA)	National Water Services Commission (SPAN), Pengurusan Aset Air Berhad (PAAB) and water services companies

Sewerage Services Department (JPP)	National Water Services Commission (SPAN), Pengurusan Aset Air Berhad (PAAB) and Indah Water Consortium Sdn Bhd (IWK)

The human capital from the redundant agencies can be absorbed to many other agencies which will reduce human capital redundancy. All in all, the savings from closing down the redundant agencies are substantial. We are hoping this can be done in a month to reflect government's commitment in implementing austerity measures.

Conclusion

The saving from closing down redundant agencies is estimated to be more than RM 35 million. The government should also cut the RM 5 Million funding to International Green Tech and Eco Products Exhibition and Conference Malaysia 2014 (IGEM 2014). This is an annual programme by KeTTHA and they should have generated income from this event to use for the following year. In total, there will be savings more than RM 40 million from KeTTHA alone that can be channeled for energy efficiency investment in many other government agencies via the method proposed by AWER and EPC is totally not needed.

We would want to see all these measures implemented and savings are made. That's austerity measures.

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