

# Food for Thought

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## **Regulate Energy intensive Industry Strictly**

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LETTER TO EDITOR

18th JUNE 2013

### **Regulate Energy intensive Industry Strictly**

According to US Department of Energy, the energy intensive industries are related to aluminium, metal casting, chemicals, mining, forest products, petroleum refining, glass and steel. Based on Malaysian Industrial Energy Efficiency Improvement Project (MIEEIP), there are 8 energy intensive industrial sub-sectors namely, iron & steel, cement, wood, food, glass, pulp & paper, ceramics and rubber. The study later introduced 3 additional sub-sectors which are oleo-chemical, plastics and textiles.

According to National Energy Balance 2010, the natural gas demand has increased from 476 ktoe (kilo ton oil equivalent) in year 1990 to 4310 ktoe in year 2010 for industrial sector. Similarly, industrial sector has consumed 44.4 % of total electricity consumption of 104521 GWh (Giga Watt Hour) in year 2010. Both natural gas and electricity are heavily subsidised and are these correctly targeted subsidies? If most of the products manufactured are for foreign market, who are we subsidising?

Energy intensive industry poses huge risk on energy security and energy prices. There might not even be a breakeven of bringing this type of industries to Malaysia or sustaining such non-energy efficient giants here. The government should identify the total number of energy intensive industry in Malaysia and categorise them accordingly. It should also include their energy consumption and current operational condition status. Energy use per unit product manufactured will be able to do a quick benchmarking. We would like to suggest that this step to be headed by Energy Commission. We have raised this in the recent memorandum to government and elected representatives.

The process of enrolling new operation of energy intensive industries is not clear currently. Before a new energy intensive industry is brought in, Energy Commission must first assess the energy efficiency performance of the particular industry to ensure it is sustainable. Association of Water and Energy Research Malaysia (AWER) would like to caution that the Detailed Environment Impact Assessment (DEIA) and Preliminary Environmental Impact Assessment (PEIA) do not carry out any energy or water efficiency study or examination. This two documents (DEIA and PEIA) are actually both water efficiency and energy efficiency BLIND!

The nature of these industries puts high strain to the environment. Therefore, the government must impose environmental tax on such operations beginning year 2014. This tax should be based on the inefficiency of such energy intensive industry. In fact, many countries are already imposing hefty taxes on inefficiency by energy intensive industries.

We would also like Ministry of International Trade and Industry (MITI) to revisit its Third Industrial Master Plan. AWER is not against bringing industries to Malaysia. To be an industrialised and developed nation like Japan, Germany and South Korea we need industries but not at hefty expense on our country's resources.

Energy security is a vital pillar of national security; it is about us as a nation to survive. Prevention is better than curing.

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

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