

Food for Thought

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Rising Fuel Cost Needs Long Term Solutions

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03 September 2013 - LETTER TO EDITOR

Rising Fuel Cost Needs Long Term Solutions

YAB Prime Minister has announced subsidy rationalisation to ensure national fiscal standing is in good order. This announcement and further subsidy rationalisation that will come in near future is seen as financial solution to reduce country's deficit. However, do we actually address implications for both people and the businesses in long-term?

Based on National Energy Balance 2011, 17070 kilo tonne oil equivalent (ktoe) final energy demand is recorded for transportation sector. This is 39.3% of total final energy demand for 2011. From year 2009, the energy demand in transportation sector has been very high and superseded industrial sector. This is not a smart use of energy resources. Country with high population like United States records 27.8% (2011), Japan records 25% (2009) and Europe records 31.7% (2010) in energy use for transportation. In this aspect, Malaysia's allocation of energy use for transportation sector is off the chart and not in tandem with developed nations as we aspire to be.

Technically, two items which can actually cushion the subsidy rationalisation impact better have always been left out. These solutions will also assist in proper allocation of energy use.

Firstly, public transport is the most efficient way to address fuel price hike and energy use in transportation sector. At the moment, we are far from reaching a desirable system.

Secondly, Association of Water and Energy Research Malaysia (AWER) sees the need for Minimum Energy Performance Standard (MEPS) and mandatory energy efficiency labelling for vehicles for both personal and commercial use. We have raised this issue many times. Unfortunately, it is left unattended till date.

European Union, Japan and South Korea have embarked on such system many years ago to ensure their citizens purchase only energy efficient vehicles. Such labelling mechanism will allow Malaysians to buy fuel efficient vehicles and assist them to be more environmentally friendly. It will also cushion them from high fuel cost in longer run. This will also assist to reduce Malaysia's energy use in transportation sector.

Based on our study, many countries with either MEPS or energy efficiency labelling will improve the labelling requirement periodically. When this takes place, countries like Malaysia will receive the less energy efficient products that cannot be sold in their country. So, we will become the dumping ground for obsolete technology if we do not have such system.

Similarly, few government agencies here are engrossed in promoting hybrid and electric vehicles without doing a proper Life Cycle Assessment (LCA) to identify if these so called 'green' products are really environmentally friendly and energy efficient. If we implement both MEPS and energy efficiency labelling, this question will be easily solved.

To ensure such labelling process can take place, Energy Commission and SIRIM can adopt common testing mechanism to certify vehicles first. Energy Commission has already developed a Star Rating system for electricity consuming equipments. This system consists of lowest of 1 Star to highest of 5 Star rating which is covering selected electrical products. Lately, with continuous pressure from AWER, Energy Commission finally has prepared legal documents to implement MEPS for selected electrical products. Now, Federal Government can extend the role of Energy Commission into carrying out this scope of work for vehicles in the upcoming Budget 2014.

As there is no agency in charge of managing energy use in transportation sector, AWER urges the government to give jurisdiction to Energy Commission via Budget 2014 immediately so that energy efficiency steps in transportation sector can be improved swiftly while Government rationalising subsidy. In this way, it will help to reduce the burden to people and businesses continuously.

Are we ready for the paradigm shift to be energy efficient?

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

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