

# Food for Thought

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## **MORE THAN RM 42 BILLION WILL NOT BE TAKEN FROM DOMESTIC CONSUMERS' POCKETS BETWEEN 2025 AND 2030 IF GOVERNMENT IMPLEMENTS PROPER ENERGY EFFICIENCY POLICIES**

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### **MORE THAN RM 42 BILLION WILL NOT BE TAKEN FROM DOMESTIC CONSUMERS' POCKETS BETWEEN 2025 AND 2030 IF GOVERNMENT IMPLEMENTS PROPER ENERGY EFFICIENCY POLICIES**

Recent steep electricity tariff increase has led many Malaysians in shock and worried about the cost implication for goods and services. The full impact of tariff increase can only be seen clearly in February bills. Similarly, the current policies for energy efficiency do not give direct benefit for all level of consumers to reduce their electricity consumption either. Association of Water and Energy Research Malaysia (AWER) has conducted a thorough research study in energy efficiency implementation for domestic sector and some cross cutting sectors. This study focused on establishing a proper mechanism to ensure implementation of energy efficiency policies will bring value for money and improve environmental performances. It was a part of Sustainable Production and Consumption Project funded by British High Commission, Kuala Lumpur and the UK Government.

Based on 2009 Energy Commission report, a total of 90838 GWh (GigaWatt-hour) of electricity was sold in Malaysia. The domestic sector accounts almost 20% of the overall consumption and emits 12.17 million tonnes of CO<sub>2</sub> (carbon dioxide). Therefore, a 20% increase in energy efficiency in domestic sector will be able to reduce more than 36.33 million tonnes of CO<sub>2</sub> and save RM 42.06 Billion between year 2025 and 2030 if non-energy efficient products are phased-out completely from Malaysian market by year 2020. This savings does not include the

overriding savings from commercial and industrial sectors that uses many products that are used by domestic consumers in their operations namely, air conditioners, multimedia equipments, kettles, refrigerator, etc. AWER's estimations are based on very conservative projection and the actual savings can be seen from the beginning of the policy's implementations and overall result might reach 2 to 3 times of the estimated savings.

The final report on this study entitled, "**ENERGY EFFICIENCY IN MALAYSIA: Sustainable Production and Consumption: Phasing-out Malaysia's Non-Energy Efficient Products**" can be obtained via our website [www.awer.org.my](http://www.awer.org.my) and [www.click.org.my](http://www.click.org.my). This report will be sent to all relevant Federal Government agencies, state governments, members of Parliament and relevant industry groups as a guide to improve energy efficiency for domestic sector in particular. AWER will continue to conduct more studies to assist both domestic and business consumers to cope with rising cost of energy and electricity via energy efficiency.

### **Study Conclusion 1: Energy Commission Must Lead Energy Efficiency Initiatives**

**Section 14 (l), 14(la), 23A, 23B and 23C** of Electricity Supply Act and **section 14 (1) (a), (b), (d), (e), (g), (i)** of Energy Commission Act 2001 have clearly stipulated that the implementation and regulatory functions for energy efficiency is under Energy Commission.

Under the National Energy Efficiency Action Plan (NEEAP) draft that was released by Ministry of Energy, Green Technology and Water (KeTTHA) recently, a project team is being set up to implement Energy Efficiency measures under NEEAP. The government needs to get competent and bigger workforce to manage Demand Side Management (Energy Efficiency) within the existing operation of Energy Commission and remove incompetent officers immediately. This move will reduce a lot of wastage in public funds and prevent delay in energy efficiency policy implementation that will be caused by usual office politics in KeTTHA.

### **Study Conclusion 2: Immediate Implementation of Minimum Energy Performance Standard (MEPS)**

Few of the case studies conducted by AWER have echoed the similar conclusions that Malaysia is in dire need for Minimum Energy Performance Standard (MEPS). MEPS is regarded as the fastest and cost effective tool to weed out non-energy efficient products in the market. Detailed recommendations for implementation of MEPS are outlined in this report for the government to improve its policies. AWER's regional review study has also identified that few ASEAN countries are already few steps ahead of Malaysia. After continuous push by AWER since 2012, Energy Commission has finally implemented MEPS for existing products with star rating energy efficiency labels. However, the MEPS is set at a very low level. Inflow of products that does not meet the MEPS set in other countries such as Hong Kong, Singapore and Europe can be seen in Malaysian market. This includes refrigerators and air conditioners. This problem must be rectified by Energy Commission immediately and the MEPS level must be increased to prevent Malaysia from becoming dumping ground of old technology and non-energy efficient products.

### **Study Conclusion 3: Electrical and Electronic Products' Labelling Must be Standardised**

Label is one of the important elements in summarising a product's information for consumers. Accurate information will assist consumers to choose and use products wisely. Based on consultations with members of public and comparison with other international better labelling practices, AWER has recommended improved labelling requirements for electrical and electronic products in Malaysia to be carried out by Energy Commission. Once the improvement of labelling is done according to AWER's recommendations, it will give direct benefit for consumers to measure their electricity consumption easily. This must also be done parallel with enforcement.

In addition to that, the government has promised to upgrade all current voluntary star rating energy efficiency labeling into mandatory labelling. Unfortunately, the National Energy Efficiency Action Plan (NEEAP) did not set any timeframe for this to be achieved as well. Mandatory star rating labelling is vital to improve market presence of highly energy efficient products and assist consumers to purchase energy efficient products easily.

#### **Study Conclusion 4: Training and Education for Suppliers and Retailers**

During the consultation processes, we found that most of the suppliers and retailers were left in the dark over many issues related to policies, standards and products' information. Retailers have openly asked for proper training to be carried out to ensure they have sound knowledge on the legal requirements set for energy consuming products.

Currently, the training and information dissemination on products is not clear. The procurement staffing for retailers are also not well versed in labelling, standard and testing details. Hands-on training can assist the retailers to ensure increase in energy efficient products' sales, proper identification of labelling and testing results. In addition to that, such training and education process can assist Energy Commission to boost enforcement and monitoring work.

#### **Study Conclusion 5: Management of E-waste and Scheduled Waste (With Mercury)**

Mid of year 2013, AWER has released some of our core findings and solutions related to E-waste and Scheduled Waste (with Mercury) management and it was widely reported in the media. We are glad that Department of Environment (DOE) has announced in December 2013 that DOE will formulate regulations for e-waste management. The findings that are published in our report will assist DOE further to have a comprehensive view of the situation. We have identified suitable mechanism and its immediate stakeholders to ensure a successful implementation of the e-waste management regulation.

#### **Study Conclusion 6: Cost Benefit Analysis and Clear Objectives are Needed for Government Incentive or Rebate Programmes**

Incentives given to the industry must be translated into reduction of products' cost. These incentives are given by the government via tax payers' money. Therefore, there should be accountability from the business sector. For example, the retailing industries have admitted that prices of energy efficient products are not reducing despite these products are being given incentives. This is an alarming situation. When a ministry proposes incentive for a particular energy efficient product, the officials must measure its implication to the price of the particular product in the

retailing sector.

The SAVE Rebate programme is a classic example of failure to reduce energy efficient products' price. The actual reason of the failure is due to price fixing and profiteering. This issue has been clearly communicated not only to officers in Energy Commission but also to Secretary General of Ministry of Energy, Green Technology and Water (KeTTHA) since 2012. Unfortunately, a similar approach to SAVE Rebate programme is planned under the National Energy Efficiency Action Plan (NEEAP). Why KeTTHA wants to repeat the same mistake again?

#### **Study Conclusion 7: Continuous Commitment, Enforcement and Monitoring from Energy Commission**

Energy Commission must ensure continuous improvement of energy efficiency in Malaysia. As a regulator with its functions clearly defined, it should not shy away from responsibilities pertaining energy efficiency. Similarly, policy makers in KeTTHA must know their limits in interfering with regulator's functions.

The key to the success in implementation of energy efficiency is enforcement and monitoring. Specific customs tariff codes for energy efficient products are needed to ensure these products are easily identified at entry point.

These steps will protect genuine products and assist consumers to buy correct energy efficient products as well as create investors' confidence towards our market. In return, this will create a good role model for other developing countries in implementation of energy efficiency policies.

#### **The Way Forward**

Implementation of Energy Efficiency in Malaysia needs a greater cooperation and communication. Energy Commission must take leadership in implementing energy efficiency in Malaysia and incompetent workforce in Energy Commission that are being stumbling block in energy efficiency polices implementation must be removed immediately. Swift and fast solution are needed for Malaysia to implement full scale energy efficiency measures.

While many issues have been raised repeatedly by AWER to Energy Commission and KeTTHA, the National Energy Efficiency Action Plan (NEEAP) does not reflect improvement but repetition of some of the failures like SAVE rebate programmes, setting MEPS at low level, delay in mandatory star rating labelling, etc.

AWER has presented our finding with good intentions to build a better nation and assist consumers to understand energy efficient better. As the Prime Minister always says, government does not know all. So, we hope this report will fill in the gaps.

Piarapakaran S.

President

Association of Water and Energy Research Malaysia (AWER)

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## Comments (1 Posted)

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2014-02-16

Dear Piara, I have read the statement and manage to read few chapters that interest me. You guys have done a good work. I do hope, you follow up with the government and update to people like us. I'm sure RM 42 billion saved from our pockets means a lot in 10 years to come. I'll forward to my friends as well to share the findings. Thanks.