

Participation in the Energy Transition Conference in Malaysia

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On August 28-29, "The Energy Transition Conference" was held in Kuala Lumpur, Malaysia. Hosted by TNB, Malaysia's state-run power company, the conference discussed how Malaysia should proceed with the energy transition towards its goal of achieving carbon neutrality by 2050 while taking into account the global trend to strengthen decarbonization efforts, what the challenges would be in regard to the transition, and how they should be overcome, as suggested by the title. The meeting was attended by Prime Minister Anwar Ibrahim, the minister of economy, and the minister of natural resources, environment and climate change from Malaysia, as well as many Malaysian energy industry officials including top management of TNB and Petronas, the country's state-run oil company. In addition, foreign government and industry officials and energy experts participated. According to the host, there were sessions with more than 2,000 participants in person. During the large, two-day international conference, participants held lively discussions at plenary, dialogue (panel discussion), and breakout sessions. In the following, I would like to summarize the points of the discussion and arguments made at the conference that left a particular impression on me.

In Malaysia, Phase 1 of the "National Energy Transition Roadmap" was announced in July this year for the goal of carbon neutrality by 2050. At the conference, Prime Minister Anwar himself launched Phase 2 as a follow-up, indicating Malaysia's full-fledged decarbonization efforts. Since 2015, I have been variously involved in Malaysian energy policies and industries, visiting the country often before the COVID-19 pandemic. However, I got the impression that the atmosphere of the conference was quite different from that of an earlier one. The key points of the atmosphere included the clear presentation of a strong political will to promote decarbonization, the expectation that the energy transition toward decarbonization will create positive benefits for Malaysia's economic growth and development, the strengthening of Malaysia's presence in promoting the energy transition, and the emphasis on international cooperation mainly through the Association of Southeast Asian Nations.

While the prescriptions for promoting the energy transition to decarbonization are detailed in the abovementioned NETR, key measures that were often mentioned at the conference include the strengthening of energy efficiency improvement, the promotion of electrification, the significant expansion of renewable energy, the subsequent enhancement of power storage systems and grids, the use of innovative fuels such as hydrogen and ammonia, the prioritization of carbon management such as CCS (Carbon Capture and Storage) and CCUS (Carbon Capture, Utilization, and Storage), the effective use of natural gas, and the promotion of green mobility mainly through the spread of electric vehicles. I was also struck by the frequent mention of the necessity and importance of developing and strengthening an international power grid within ASEAN in response to the need to maximize the use of renewable energy resources and enhance the grid. The so-called ASEAN Power Grid has long been discussed and examined as an important element of ASEAN energy cooperation. In recent years, interest in the APG initiative has been growing again due to expectations that it will play an important role in promoting decarbonization throughout the region in addition to contributing to a stable energy

supply. At the conference, Malaysian government officials frequently mentioned the importance of strengthening international interconnection lines and the APG, indicating that the APG is a very hot topic in Malaysia right now.

It was also impressive that an argument that enhancing such decarbonization efforts would benefit the Malaysian economy was dominant, albeit with hopes placed on the benefits. Today, Malaysia, like many other countries around the world, relies on a fossil fuel-based economy. However, the argument means that the energy transition towards decarbonization would ultimately produce net positive benefits for growth and employment. Of course, issues such as the importance of appropriate consideration and response to the energy transition's negative effects on the economy and employment were taken up at the conference. However, the impression was that expectations were dominant for benefits from renewable energy, EVs, power storage systems, and various energy-related innovations.

Recently, calls have grown for enhancing global climate change countermeasures in response to the remarkable global temperature rise and the frequent occurrence of severe natural disasters under rising temperatures. While contributions by all countries are important, it is extremely significant for Malaysia to strengthen its efforts by setting high goals while taking into account its national situation. The preparedness of Malaysia's government and energy industry to further strengthen efforts can be given high ratings. At this conference, I was impressively exposed to such an atmosphere.

At the same time, however, I had some noteworthy feelings. For one thing, I felt that the atmosphere at this conference was, in a sense, similar to that in the world in 2020. In that year, carbon neutrality goals were announced one after another worldwide. This trend was dominating the world. In my view, the background to the trend was the influence of the concept of the Green Deal strategy advocated by the European Union at the time. It was also a time when the idea or thinking that clean energy investment for decarbonization would contribute to breaking away from the recession caused by the COVID-19 pandemic and achieving long-term growth was spreading worldwide. In a sense, the discussions in Malaysia were reminiscent of that.

Another noteworthy feeling was that as the international situation has changed drastically since 2022 due to the Ukraine crisis and the division of the world, Malaysia would need to fully consider the impact of the drastic change when working on the energy transition in the future. Although the term "energy security" was sometimes used at the conference, I was concerned that the awareness of the seriousness of the issue was somewhat insufficient at a time when energy security became the most important and urgent issue after the outbreak of the Ukraine crisis from a global perspective. Of course, in light of the impact of soaring prices, there were many arguments voiced about the importance of energy affordability. However, I felt that a deeper emphasis on energy security itself was required.

I also felt that Malaysia, when discussing its energy transition, should consider the view that economic security and supply chains for strategic materials may become key challenges as global fragmentation and geopolitical tensions are prolonged over the medium to long term as expected now. Although some participants in the conference touched on the issue of critical minerals superficially, I felt that talks on the impact of this issue on the energy mix and technology selection were not necessarily sufficient.

In the final session of the conference, therefore, I as a panelist, emphasized that countries around the world should recognize various pathways to the energy transition and promote international

cooperation as it becomes important to minimize energy transition costs under strategies to balance decarbonization with energy security, which has grown significant again under the Ukraine crisis. I also pointed out that energy technology selection to tide over the critical mineral issue will be important from the viewpoint of reducing excessive dependence on specific countries for strategic commodities. I would like to continue to pay close attention to how Malaysia, with which I have a deep relationship, will proceed with the energy transition in the future.

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