

**CLOSING SPEECH BY Y.BHG DATUK LOO TOOK GEE,
SECRETARY GENERAL,
MINISTRY OF ENERGY, GREEN TECHNOLOGY AND WATER
AT THE NATIONAL ENERGY SECURITY CONFERENCE 2012**

**28 FEBRUARY 2012 (TUESDAY), 5.00 PM
SIME DARBY CONVENTION CENTRE, KUALA LUMPUR**

Members of the Energy Commission;

Tan Sri-Tan Sri, Dato'-Dato',

Distinguished Speakers and Guests;

Ladies and Gentlemen.

Salam 1Malaysia and a very good evening to everyone.

1. First of all, I would like to thank the Energy Commission for inviting me to this National Energy Security Conference. With the theme of "Closing the Energy Supply – Demand Gap", the forum is indeed timely to provide a platform for Government and industry players to discuss and share experiences and ideas on the challenges and solutions in our initiatives to ensure sustainable development of the energy industry.
2. The importance of narrowing the Energy Supply – Demand Gap had been highlighted by Y.B. Dato' Sri Peter Chin Fah Kui, Minister of Energy, Green Technology and Water during his opening address this morning.
3. The Malaysian Government strongly feels a Conference like this is very important as this is an opportunity for the Government to share the issues, challenges and strategies as well as broad recommendations concerning the crucial aspect of Energy Security in the country with the Industry and the public at large. It also provides a platform for us to demonstrate that consumer interests are well protected in the context of

decision-making and activities by the energy sector as highlighted during the “SESSION 1: Enhancing Malaysia’s Energy Security – Government Perspectives.”

4. Ministry of Energy, Green Technology and Water, together with MyPOWER had recently conducted a Malaysia Electricity Supply Industry Reform (MESI) lab with the objective of analysing the current issues and challenges of the MESI and brainstorming possible initiatives to address them. The lab sessions also focused on specific issues such as gas supply and price determination, governance and ways to strengthen inter-departmental interfacing etc and identified long-term goals for the MESI. The Lab sessions successfully arrived at various consensuses with regard to the issues of the energy industry.

Ladies and Gentlemen,

5. SESSION 2 which dealt with “Challenges and Prospects in Enhancing Malaysia’s Energy Security - Industry Perspectives” was an interesting session where we heard from our distinguished speakers from the industry on the different challenges that they have been experiencing. This sharing of experiences by key stakeholders highlighted the precarious situation of our country with regard to energy security. It also served as an important forum for sharing different experiences of the industry players that can serve as a reference point for other players in the future. It was also an important session for the Government to learn and appreciate the various issues and challenges faced by the industry players especially during fuel supply disruptions. In fact, the recent gas shortage tested the ability of the various stakeholders both in the Government and industry, to work together towards adverse conditions to ensure we keep the lights on in Peninsular Malaysia.

Ladies and Gentlemen,

7. In addressing these challenge, it is important for energy regulators to be mindful of the fact that both the consumer and industry interests need to be protected always, and tariff distortions will dampen the economic growth of a country. In addition, the necessary efficiency measures across the whole supply chain and demand side management need to be enforced in order for us to be more effective. These matters, I understand, have been deliberated at length during the Third Session “Action Plans To Address Malaysia’s Energy Security Challenges” by the distinguished speakers.

8. In Malaysia, our electricity supply industry has undergone significant changes since independence. The power sector has evolved from a number of fragmented networks during the 1950s to an integrated system in the 1970. This was further enhanced through the introduction of the relevant energy policies and legislation in the 1980s through 1990s.

9. The privatisation of the generation sector of national power utility and the introduction of independent power producers in 1990s has led to enhanced competition and improvements in reliability and efficiency in the power generation sector. Today, the Malaysian electricity supply industry is continuing with its reform initiatives to further enhance transparency and competition, as well as to strengthen the overall industry governance framework based on international best practices.

10. The newly launched Malaysian Energy Information Hub (MEIH) will definitely help provide accurate and reliable data for the purpose of projecting demand and supply of energy in Malaysia, in addition to regular updates on the energy sector.

Ladies and Gentlemen,

11. In the past decade, tightening of the supply situation in the global energy markets has resulted in high and volatile fuel prices. In many countries, such volatility had worsened supply security and price subsidy situation, especially for countries that depend heavily on imported oil, gas and coal as fuels for their base load power generation. In response, many such countries have embarked or stepped up programmes to utilise alternative fuels for power generation, such as nuclear and renewables.

12. Nevertheless, while such countries are building up their capacities in alternative energy, they remain vulnerable to severe supply disruption and to economic uncertainties resulting from extreme fuel price volatilities. Therefore, there is an urgent need for an effective multi-pronged policy response by all stakeholders in the industry in addressing these issues which are closely tied to energy security of a country.

13. In this regard, the optimum generation fuel mix for a particular country should first be determined, by taking into consideration critical factors such as country geography, power system configuration, financing, environment and public acceptance. Policy makers and regulators should review regularly the appropriateness of its generation fuel mix in order to accommodate prevailing global developments that may affect the industry.

14. Other long term measures to enhance energy security include reducing dependence on imported fuel, increasing number of suppliers and reducing overall demand through energy efficiency and conservation measures. Ultimately, these measures might involve entering into international agreements for cross-border energy supply.

Ladies and Gentlemen,

17. Before I conclude my speech, I would like to once again congratulate the Energy Commission on the success of organising this **NATIONAL ENERGY SECURITY CONFERENCE 2012**.

18. I would also like to thank all of you, distinguished guests, speakers and participants who attended the Conference for your active participation. For our international special guests and speakers, I wish you a pleasant stay in Malaysia and hope you do find time to visit some location around Kuala Lumpur, after this conference.

Thank you.

Energy Sector
Ministry of Energy, Green Technology and Water
Malaysia

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