

An eye on renewable energy

THE world's climate change enthusiasts concluded their meeting in Marrakesh, Morocco, last month. In the words of the organisers: "The Conference has successfully demonstrated to the world that the implementation of the Paris Agreement is underway and the constructive spirit of multilateral cooperation on climate change continues."

Some view the statement as over optimistic considering recent sceptical rhetoric from the US which many see as equivalent to ridiculing the entire climate change claim.

Since the US is seen as a key player in the global fight to neutralise climate change, the days ahead will surely prove to be challenging times for climate change activists everywhere.

Whatever it is, many of the solutions for climate change lie in our choice of energy.

Countless studies have concluded that unless people wean themselves off their addiction to fossil fuels, there is no way the world can win the fight against climate change.

Renewable energy has been touted as the alternative to fossil fuel. However, implementing renewable energy is not without its challenges. Cost is one. At the current comparatively low price of crude oil, the cost competitiveness of renewables has been severely eroded.

Of course, the proponents of renewable energy will argue that the costs should also take into account environmental and health costs. Incorporating such costs would put renewable energy in a better position. Notwithstanding the costs disadvantage, many countries are actively promoting renewable energy for the longer term.

Many still believe that crude oil prices are set to rise in the longer term.

Indonesia is one country which has indicated strong interest in investing in renewable energy infrastructure.

This became clear at a recent conference organised by CONFEXHUB in Jakarta. Titled "Renewable Energy for Indonesia 2016 (RE4I)", the conference



attracted close to 200 participants.

By the year 2025, the population of Indonesia is expected to reach 285 million, the highest among Asean member nations. And the people there are in no mood to slow down growth. Large families are still common in Indonesia.

Growth in demand for national energy is inevitable. One important development is that, since the middle of the last decade, Indonesia has switched from being a petroleum exporting nation to a petroleum importer.

This transition has created even more urgency to look at alternative sources of energy.

Estimates have put the potential in new and renewable energy (NRE) in Indonesia at 200,000MW of electricity generation. So far, only 6.8% has been realised.

In 2014, Indonesia's National Energy Policy set a target of 23% renewable energy to be produced by 2025. This would require an investment of around 1,600 trillion rupiah.

The hosting of the Second Renewable Energy for Indonesia 2016 provided a good platform for potential investors to understand the key development issues of investing in the country's renewable energy sector.

The speakers selected also provided useful information on how to effectively manoeuvre the many stages of getting investment approval in a country which is still struggling to reduce bureaucracy not only at the central level but more so at the provincial level.

Fortunately, we were told that the processes have vastly improved.

Admittedly, it would be hard to resist the attractive potential Indonesia offers.

It has an estimated geothermal energy potential of 29GW, equivalent to about 40% of the world's total geothermal reserves.

A new law has been passed which separates geothermal from other mining activities, thus paving the way for geothermal exploration

in the country.

The Geothermal Fund Facility (GFF) provides support to mitigate risks, as the government ventures to make investments in geothermal energy more attractive.

Indonesia has an estimated 75,670MW of hydropower potential. And 95% of the hydropower potential is still unutilised. Participants were also given the latest update on the country's Feed-in Tariffs (FiTs) for hydropower projects.

Investors at the conference concurred that they are attractive.

It also became obvious to many at the conference that it would be difficult for players in RE to ignore the potential Indonesia offers.

It was also a relief that Malaysia was represented at the conference since we do have renowned experts in the field.

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