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Navigating towards zero-carbon emissions



For a better future: (from left) Yergin, Hess, Hardy and Sazali during a discussion about the region's energy future at Energy Asia 2023. — LOW LAY PHON/The Star

PETALING JAYA: Natural gas has emerged as a critical transitional fuel and carbon capture and storage technologies are a crucial component in speeding up Asia's move towards a net-zero carbon future, says Economy Minister Rafizi Ramli.

He said there was also a need for alternative cleaner fuels such as hydrogen and ammonia.

“We cannot talk about decarbonisation without talking about the role of natural gas in the transition,” he said during a ministerial plenary titled Policies and Pathways for a Sustainable Asia at Energy Asia 2023 yesterday.

Singapore Minister of State for Trade and Industry Low Yen Ling said that many business leaders view Singapore as a pioneer in transitioning to a low-carbon energy economy.

Low, who is also the Minister of Culture, Community and Youth, attributed this to the island-republic’s reliance on natural gas, which is considered a cleaner fossil fuel.

“Currently, natural gas comprises 95% of the country’s electricity production, indicating a substantial rise from the 20% generated from natural gas in the year 2000,” she said during the plenary session moderated by S&P Global Commodity Insights geopolitics and international affairs senior vice-president Carlos Pascual.

Low acknowledged that Singapore, just like any other country, was not ready for any energy crisis, but the country has updated its regulatory framework from time to time.

Indonesia Minister of Energy and Mineral Resources Arifin Tasrif, on the other hand, said that his country possesses abundant resources, including not only oil and gas (O&G) but also renewable energy sources.

He said it was important to efficiently manage these resources to generate value and maximise their potential.

“There should be a balance between economic growth and the availability of energy for our people,” Arifin said.

He also emphasised the importance of fostering collaborations and partnerships between the private and public sectors to expedite the transition to a sustainable country.

Rafizi concurred, drawing attention to the policy change that allowed for cross-border energy exports and said international cooperation was important to move towards a cleaner environment, which would have positive implications for economies as well.

He said Malaysia would be unveiling the National Energy Transition roadmap which will provide clarity and drive progress in legislative frameworks, private sector involvement, and flagship energy transition projects.

Petroleum Nasional Bhd (PETRONAS) president and group chief executive officer Tan Sri Tengku Muhammad Taufik Tengku Aziz said imposing a set of rules or a framework without considering practicality may not be effective.

“You set bars which are too high or unattainable, you will lose traction,” he said during another plenary session at Energy Asia 2023 titled Charting Pathways for a Sustainable Asia moderated by S&P Global Commodity Insights senior vice-president and chief energy strategist Atul Arya.

His view was echoed by Standard Chartered Bank O&G and chemicals, and commodity traders and agribusiness global head Alok Sinha, who said: “Policy should be something achievable and not something unrealistic.”

Both industry experts said they believe the money is readily available, but the lack of coordination in harmonising the energy taxonomy poses a challenge.

“This is where the government’s role becomes crucial, as it can facilitate the process and attract private capital,” Alok said.

Tengku Muhammad Taufik, who is also the chairman of Energy Asia, said if O&G were to be accepted in the energy mix, it needs to be accompanied by CCS (carbon capture and storage).

He said CCS is seen as a boon by O&G producers, but financial institutions perceive it as a means to justify continued fossil fuel production, leading to hesitation in its adoption.

Touching on the sustainability challenge for the O&G industry, World Business Council for Sustainable Development president and CEO Peter Bakker emphasised the need to address “Scope 3” emissions, which extend beyond direct operations and require comprehensive engagement and action.

“It is crucial to embrace the International Sustainability Standards (ISS) as a global baseline and adopt accounting rules that enable transparent disclosures to capital markets,” Bakker said.

Meanwhile, Vitol CEO Russell Hardy said that peak oil, which refers to the point when global oil production reaches its maximum rate, is projected to occur around 2030 and gradually decline until 2040.

“This represents a realistic expectation, followed by a subsequent rapid decline as electric vehicle fleets and the transition to renewable energy take precedence,” he said in another plenary discussion at Energy Asia 2023 titled Commodity Markets and The Energy Transition.

This was echoed by PETRONAS downstream executive vice-president and CEO Sazali Hamzah, who also believes that gas will emerge as the primary source of energy consolidation due to its cleaner and more cost-effective nature.

“Simultaneously, we are actively exploring renewable energy options for the medium term. Looking towards the long term, we are considering hydrogen as a potential solution,” Sazali said during the plenary session moderated by S&P Global vice-chairman Daniel Yergin.

Hess Corp CEO John Barnett Hess said the world is facing the dual challenge of meeting increasing energy demand while striving for net-zero emissions.

However, he believes the biggest obstacle lies in the lack of investment in both oil and gas and clean energies, requiring significant financial resources and technological advancements that have yet to be developed.

The inaugural Energy Asia was attended by more than 3,000 delegates, over 100 speakers, and 46 sponsors representing 19 industries from across 27 countries.

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