

# S.E. Asia urged to exploit abundant clean energy

February 23 2011, by Martin Abbugao

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The sun rises in Beijing behind a smokestack chimney. To develop renewable energy sources, it is crucial to have a critical mass of customers after a power plant has been put up, environmental experts say.

From surging rivers to volcanic steam, Southeast Asia is blessed with abundant sources of renewable energy but governments are not doing enough to exploit them, experts and activists say.

Private firms are willing to invest in renewable energy, which could help rein in [climate change](#), but are bogged down by policies that make it hard to reduce dependence on traditional sources like oil and coal, they said.

The recent eruptions of Mount Merapi in Indonesia and Mount Bulusan in the Philippines underscored the amount of geothermal power waiting

to be tapped for [electricity](#) in Southeast Asia.

But harnessing renewable energy -- which also includes solar, wind and hydroelectric power as well as biomass fuels -- is costlier than building a fossil-fuelled power plant.

Paul Curnow, a partner at law firm Baker & McKenzie who specialises in climate change policy, said most investments in "renewables" in Asia have so far gone to China and India, which have moved well ahead of Southeast Asia.

"When you look across Southeast Asia, there are gaps in terms of climate and renewables policy," Curnow told AFP.

"And when you talk to investors, outside of China and India it's slim pickings in Southeast Asia because the policy settings are not mature enough," he added.

"It's not a question of a lack of capital."

To develop renewable energy sources, it is crucial to have a critical mass of customers after a power plant has been put up, said Rafael Senga of the environmental group WWF International.

Governments have to mandate utilities to buy power generated from renewables for a certain period during which the cost of electricity is fixed at a level called "feed-in tariffs", he said.



Greenpeace volunteers take part in an event during which solar panels were delivered to the Presidential palace in Manila. The Philippines and Indonesia - both straddling the "Pacific Ring of Fire" volcanic zone - have the biggest potential for geothermal energy, which harnesses steam coming from the Earth's belly.

"This will ensure that cash flow and return on investment is secured for the investors," said Senga, WWF's energy policy manager for the Asia-Pacific.

The Southeast Asian renewables market is varied, said Marc Lohoff, president of Asia Pacific and the Middle East at German solar systems manufacturer Conergy.

Thailand, whose sun-kissed beaches on islands like Phuket and Krabi are a major tourist draw, has the best prospects at the moment, especially for solar energy.

The Philippines and Malaysia have "enormous potential" because both have renewable energy legislation in place, Singapore-based Lohoff said.

He said the growth of renewable energy in Southeast Asia "strongly depends on the development of incentives for investors," especially feed-

in tariffs with long durations.

Feed-in tariffs must be backed by purchase contracts lasting 10 years or more to ensure a healthy return on investment, he said.

"Most investors are just waiting for governments to announce and implement their feed-in tariff systems before they get involved," he said.

Other incentives for the industry should include tax breaks and duty-free importation of renewable energy equipment like wind turbines and solar panels, he said.



A technician gathers sulphur deposits in Banyuwangi, eastern Java, which could be used as a source of renewable energy. Experts and activists say governments are not doing enough to exploit these energy sources.

Senga said the Philippines and Indonesia -- both straddling the "Pacific Ring of Fire" volcanic zone -- have the biggest potential for geothermal

energy, which harnesses steam coming from the Earth's belly.

The Philippines, the world's second biggest user of geothermal power after the United States, is poised to further develop renewables after Congress passed the Renewable Energy Act in 2008, but Manila has yet to release the feed-in tariff rates.

Senga said the picture is different in Indonesia.

Despite accounting for 40 percent of the world's proven geothermal reserves, vested interests and the size and complexity of its energy market have prevented Jakarta from exploiting this resource, according to Senga.

Indonesia is aiming for geothermal energy to provide 9,500 megawatts of electricity by 2025, up from a little more than 1,000 MW currently -- a small percentage of its potential steam reserves of 27,000 MW, Senga added.

"The problem is while they have set a target, they don't have the right policies and incentives to encourage investors to come in," he said.

Senga also noted that several investors in the geothermal sector "got burned" as the governments that followed the fall of long-time dictator Suharto in 1998 constantly changed policies.

Despite its lack of natural resources, tiny Singapore has been active in the renewable energy sector.

Norway's [Renewable Energy](#) Corp. opened one of the world's biggest solar technology manufacturing facilities in Singapore in November 2010 costing nearly \$2.0 billion.

Singapore also hosts the global research and development centre of Vestas, a Danish manufacturer of wind turbines.

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