

Europeans keen on biomass projects in Malaysia

By June Ramlee
june@nstp.com.my
2011/05/02

Kuala Lumpur: It appears to be a case of communication breakdown.

European investors are lining up money to fund biomass projects in Malaysia but the local oil palm plantation industry doesn't seem to know this.

According to the European Union (EU)-Malaysia Biomass Sustainable Production Initiative (Biomass-SP), an EU-led industry body, there are 10 investors keen to fund biomass projects where plantation wastes like fruit bunches are used to produce electricity, "These investors from France, Ireland, the UK, Korea, Thailand and Hong Kong have approached me. Some of these investors have at least RM40 million to RM50 million set aside (for biomass power plant projects) but the problem is, I don't have any projects to show them," Biomass-SP technical adviser Datuk Leong Kin Mun told Business Times in an interview recently.

The appeal of renewable energy plants is well documented. The plants are friendlier to the environment and a lot cheaper to run over the long term as their fuel, unlike natural gas or coal, are virtually free. Owners can get such plants certified as good for the environment and sell the papers, known as carbon credits, on a climate exchange.

Leong said most of the investors were from the EU and very keen on funding biogas projects, where gas from fermented wastes is trapped and used as fuel, and could invest about RM3 million to RM4 million per venture.

But the industry has not heard about Biomass-SP. Malaysian Palm Oil Council chief executive officer Tan Sri Yusof Basiron believed that many palm oil millers would be interested to partner these green investors but believed that many are not in the know about their existence.

"We are definitely looking for opportunities. Everyone has money. We are looking for opportunities with or without banks' support. So my advice to them is to do their homework and spread the word around," he added.

But Leong said businessmen in Malaysia, especially those who own palm oil mills, have low-risk appetite when it comes to investing in biogas projects as they are afraid that the investment will disrupt the day-to-day running of their palm oil plantation, while the rest is not interested.

"Unless the government comes up with some sort of policy, I am afraid that the biogas project would remain an unpopular venture among the palm oil millers," he said.

Renewable energy is in line with the country's overall policy to reduce dependence on fossil fuel and increase the use of renewable resources in its energy-generation capacity to 2,000 megawatts (MW) in 2020.

Leong said the palm oil industry, being the country's major plantation crop with a total of 417 palm oil mills and plantations, covering 4 million hectares of land, holds the key role to meeting such objective.

Apart from generating electricity from solid wastes like empty fruit bunches and palm kernel shell, power generation can also be achieved through the capture of palm oil mill effluent (POME) biogas.

"Based on fresh fruit bunch yield in 2009, an estimated 57.42 million tonnes (1607.76 million m³) of POME are produced annually. In terms of total power generation capacity, this translates into potential power output capacity of 261.1 megawatts.

"At the current rate of 21sen/ kWh Tenaga Nasional (Bhd) is buying renewable energy, the potential of electricity sales is worth RM394.8 million. Upon implementation of the feed-in tariff system, the higher renewable energy purchase price could be an added incentive for palm oil millers to convert their POME biogas to electricity," he added.

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