

Call to free natural gas market by 2013

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Malaysia should aim to liberalise the natural gas market by 2013 to allow industry players time to plan ahead to bring in their own supplies while the country is still a net producer.

President of the Association of Water and Energy Research Malaysia, S. Piarapakaran, said Malaysia was expected to become a net gas importer by 2016 based on the current consumption pattern.

"From 1990 to 2008, gas usage in Malaysia increased by 3.9 times to 27,000 ktoe (kilotonne of oil equivalent)," he said today.

Piarapakaran was commenting on the government's move to reduce subsidies to the energy sector and achieve a market-driven price structure by 2015 under the 10th Malaysia Plan. He said while the move was important, it has also to be highlighted that it would pose a risk to the industry as almost 99.8 per cent of the natural gas was used for non-domestic purposes.

"It will threaten the nation's energy security and retard the growth of small companies in the natural gas sector," he said.

Piarapakaran proposed that a Energy Price Stabilisation Fund be set up to cushion immediate market price fluctuations and restore market confidence.

"This fund should not be used to subsidise the industry," he said.

He said the Energy Commission should expand its functions to develop rules and regulations for the oil and natural gas industry. -- Bernama