

Session 3: Regional Players (II) – South East Asia

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Singapore's Energy Security

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Singapore is an island city with limited energy resources. Currently, its energy market is entirely reliant on oil and natural gas imports. In 2007, Singapore's electricity was generated by natural gas (76 percent), fuel oil (22 percent), refuse (two percent) and diesel (0.3 percent).

As of 2006, 75 per cent of Singapore's crude oil sources come from the Middle East where Saudi Arabia supplies almost 33 per cent of it. While from Southeast Asia, Vietnam is the largest supplier at about 7 per cent. About 80 per cent of Singapore's electricity is generated by gas imported from Indonesia and Malaysia. Hence, Singapore's energy mix is one of the least diversified in Southeast Asia.

Singapore's energy policy, the National Energy Policy Report (NEPR), targets development at three levels, which are the domestic/national, regional and international.

National Energy Policy Report (NEPR)

The NEPR, titled *Energy for Growth*, was released by the Energy Policy Group (EPG), in 2007. The report represents the state's holistic approach towards energy security. It aims to carry out three main policy objectives, which are economic competitiveness, energy security and environmental sustainability.

These three policy objectives thus translates itself into six strategies which are to Promote Competitive Markets, Diversify Energy Supplies, Improve Energy Efficiency, Build Energy Industry and Invest in Energy R&D, Step-up International Cooperation and Develop Whole-of-Government Approach.

These objectives are to be achieved by developing and strengthening the collaboration between the government, academic and research institutions for the purpose of studying energy-related issues and the regulation of industry and market. To that end, the government has institutionalised its plans by introducing several agencies within the bureaucracy that has specific functions with regard to the state's strategic objectives. These agencies in return regulate the industry and market according to the policies set

by the state. These policies and regulations in turn ensure that the energy market remains competitive and efficient. The research institutions on the other hand were institutionalised to study energy related issues.

The impact of these six strategies is perhaps better understood when studied against the backdrop of its implications to Singapore at the national, regional and international level.

At the domestic/national level, the state pursues open market principles in a bid to ensure that the price of consumption remains reasonably low. An open market will ensure that price is determined by market forces instead of central planning and resource allocation would be decided instead by market prices, investments and production decisions. Also, with a view of the long-run, the state will be investing in photovoltaic (PV) technology research and a liquefied natural gas (LNG) terminal so that it could diversify the energy mix which is currently too dependent on piped natural gas (PNG) and oil. In addition to this, the government has also introduced a number of state agencies such as the Energy Division at MTI and the Energy Market Authority (EMA) to manage its energy security policies and electricity market. A number of think-tanks which study and analyse energy-related issues have also emerged with the support of the state.

At the regional and international level, Singapore will continue its policy of regional cooperation and integration with other member states via the ASEAN and East Asia Summit platform. At the international level, Singapore will continue to lend its support by participating in the UNFCCC Kyoto Protocol.