

# ENERGY CONSERVATION — THE WINNER

ASIAN FORUM ON ENERGY POLICY BANGKOK, 27 - 30 October 1986

ESCAP organized in October 1986 the first Asian Forum on Energy Policy, culminating several activities under the UNDP financed Regional Energy Development Programme (REDP). Perhaps not surprisingly, but nevertheless *counter-intuitively under the current low oil price regime strong emphasis on energy conservation and demand management measures has emerged as one of the conclusions of the Forum. The conclusions and recommendations are :—*

Historical policy developments studied by ASIAN INSTITUTE OF TECHNOLOGY led to the main conclusion that structural changes in the economy at a gross level almost universally tended to contribute to higher specific energy intensities. While that might be offset to a certain extent by declining sectoral energy intensities in some middle-income countries, in low-income countries increases in sectoral intensities accentuated the effects of sectoral change. The overall effect was a higher energy demand, specifically of oil, the those countries than otherwise would be expected, in spite of pricing development.

The ASIAN DEVELOPMENT BANK study supported the above conclusion concerning the demand developments. They argued for continued rational energy pricing while pointing to the fact that future energy capital stock (by early next century) would have different characteristics from current equipment (since by that time only about 15 per cent of current stock would only remain).

From the ILO study in the four countries it was evident that there was a need to adjust energy prices to reflect real costs to the economy, especially in the light of findings that the impact of such adjustments on overall inflation level, and adverse impact on employment in the short run might be minimal. The ILO studies, however, also showed that such policies would have adverse consequences for both the rural and urban poor whose budget for energy was a comparatively larger percentage of their working time and/or cash income. There would, therefore, still be considerable need to protect the lower-income groups through specific measures such as subsidies of certain fuels (e.g. kerosene) and the need to popularize the adoption of improved lighting and cooking equipment which had been identified in the country studies. The issue of energy pricing and especially its socio-economic impact needed to be further examined especially in the light of the unstable international prices.

The INET/TERI/LBL study of nine countries extrapolated the effects of energy intensity developments to conclude that by the year 2010, if current trends continued, the total energy demand of all developing countries might be of the same order of magnitude as that currently of the developed countries. Oil demand consistent with such a development would imply extremely high levels of use, and the rate of discovery of new reserves to cope it would be as unrealistic. It was noted by the Forum that in view of future trends of energy demand and likely scarcity of oil supply, the nuclear energy option might have to be exercised to meet the growing demand.

In the energy statistics field it could be concluded that progress on the development and harmonization of energy information among ESCAP countries should continue. Solutions to the various problems which countries still faced in the collection, compilation and dissemination of energy statistics, should reflect the country-specific conditions which applied. These included : (a) the statistical infrastructure of the country, including the role and functions of the central statistics organization, (b) the relationship between energy ministries and energy industries, (c) the priorities which policy makers placed on resolving particular statistical issues, (d) current energy data dissemination policy, and (e) the availability of trained staff.

**Some of the recommendations are :—**

In the light of the above conclusions, the Forum made the following recommendations :—

(a) Based on the policy studies presented at the Forum, governments should carefully consider the structural changes that had taken place and evolve measures that were most appropriate for energy management.

(b) The management of energy data and the production of energy statistics should be organized to support the above measures and strengthened where necessary. Countries not already doing so might consider the periodic assembly of relevant energy information in a single authoritative document for the general use of governments.

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(c) The importance of traditional resources should be fully recognized and governments should seriously address the development, distribution and better and efficient utilization of those resources, in concert with efforts to increase the income of rural people.

(d) Work on current and future sectoral energy demand, should, with the co-operation of governments, be expanded as resources permitted. Work on non-commercial energy (traditional) was required in the light of scenarios of technology developments and expected economic structural changes.

(e) Further studies on how to enhance the availability of non-commercial energy supplies were needed.

(f) Further studies were needed to identify policies to make economic adjustments to future oil prices, including the current low oil price.

( Acknowledgement — ESCAP Energy News )

“ Saving energy is as important as selling it.”

*James Prior*

“ Good housekeeping always pays.”

“ Energy efficiency is a great deal more than something which makes economic sense.”

*Brian Redhead*

## Training Course in Industrial Energy Management in the Netherlands

SLEMA was awarded an opportunity to nominate a member to participate in a Training Course on Industrial Energy Management and energy auditing in the Netherlands.

This Training will be funded by the Netherlands-Sri Lanka Energy programme.

The panel appointed to make the final selection from the applicants, nominated Mr. P. H. P. J. Fernando of the Pelawatta Sugar Corporation as the official nominee of SLEMA.

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## NRSE NEWS

### SAARC— Energy Concerned

South Asian Association for Regional Co-operation (SAARC) has drawn up action plan to strengthen co-operation for the development and promotion of Non-Fossil and Renewable Sources to Energy. The plan was finalised at the end of a recent three day meeting of experts in New Delhi.

( Acknowledgement — Asian Electricity June, 198