Enabling Private Sector Clean Energy Investment in Southeast and South Asia
Recommendations from Corporations and Governments

Asia Clean Energy Forum
Deep Dive Workshop
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Enabling Private Sector Investment to Help Achieve Corporate and Country Goals

• Leading corporations have embraced the business case for clean energy, including through RE100

• In Asia’s dynamic markets, companies face challenges in meeting their clean energy goals

• Governments seek to enable private sector investment and finance aligned with national climate change commitments

• Public-private sector collaboration is needed to mobilize private sector investment to address the financing gap

Photo credit: Asian Development Bank
Corporate Renewable Deals
2012 – 2017

Publicly announced contracted capacity of corporate Power Purchase Agreements, Green Power Purchases, Green Tariffs, and Outright Project Ownership in the US and Mexico, 2012-2017. Excludes on-site generation (e.g., rooftop solar PV) and deals with operating plants. Last updated: May 12, 2017.

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Enabling Private Sector Investment to Help Achieve Corporate and Country Goals

• Leadership from governments and utilities is essential to implement policies, incentives, and grid management strategies that enable clean energy investment at scale

• Also essential is developing project pipelines by working with project developers and linking with investors and sources of finance

• Regional meeting on March 27-28, 2017 identified regional and country-specific priority actions to accelerate private sector clean energy investment
Private Sector Recommendations to Governments

Three key regional themes

1. Improve the policy and regulatory environment
2. Strengthen the finance environment
3. Increase government capacity and public-private sector collaboration
1. Improve the Policy and Regulatory Environment

- Review and revise existing policies and regulations that conflict with RE development goals or which create market uncertainties
- Institute new policies and incentives that provide clear direction and support the business case for RE investment
- Prepare actionable plans, with clear RE targets
- Improve electricity price forecasting and allow cost-reflective tariffs that reflect changing technology and enable RE to compete
2. Strengthen the Finance Environment

- Develop the capacity of domestic commercial banks to increase clean energy lending and obtain additional capital
- Help domestic clean energy project developers access more finance
3. Increase Government Capacity and Public-Private Sector Collaboration

- Improve public sector capacity at the national and subnational levels to support RE markets
- Increase government engagement with various private sector stakeholders to understand their needs and priorities
- Collaborate with the private sector on strategic pilot or demonstration investments where needed

Photo credit: Asian Development Bank
Country-Specific Recommendations: India

- Compile good practices for designing policy incentives (e.g., feed-in-tariffs, RE auctions, net metering) with sunset clauses to provide certainty and reduce gaming of the system; engage 5-6 states in implementing these guidelines
- Create win-win models to help utilities offer RE, such as instituting green tariffs and rationalizing subsidy surcharges
- Enforce penalties for noncompliance with RE purchase requirements
- Make RE a priority lending sector, beyond electric power
- Raise the floor price for RE contracts to ensure bankability and help attract finance
- Mandate RE procurement for new buildings, in order to receive building operating licenses
Country-Specific Recommendations: Indonesia

- Establish buyers alliance of RE purchasers and developers to inform policies and regulations
- Relax restrictions on private investment and foreign ownership of RE investments
- Support investments in RE demonstration at the state level, especially for solar
- Work with the private sector to initiate new business models at the national level, especially for solar
- Bundle small investments to access international funds
- Create an agency to provide loan guarantees for RE investments
- Provide technical assistance to banks and financial institutions on screening RE loan applications
- Work with international companies and finance institutions to increase capacity of domestic developers to prepare high-quality technical and finance documents
Country-Specific Recommendations: Philippines

• Finalize and implement the draft renewable portfolio standards
• Ensure clear policies on ownership and attribution of RE assets in contracts and clarify these rules for retail energy suppliers and offtakers
• Institute net metering for installations larger than the current 100 kW cap
• Launch a national information and education campaign on RE certificates
• Increase the ease of doing business via an electronic one-stop-shop for clean energy permits
• Facilitate access to early-stage project preparation finance to address capital gaps for small project developers
• Explore green tariffs for private consumers
Country-Specific Recommendations: Vietnam

• Provide detailed information on Power Sector Reform Roadmap and projected tariffs by year
• Review Electricity Law and move away from strict single offtaker purchase model
• Provide better estimates of future electricity prices
• Develop renewable portfolio standards
• Develop and pilot a bankable direct power purchase agreement
• Encourage corporations to make RE purchase commitments
• Increase the capacity of domestic banking sector to engage in clean energy lending
• Create foreign direct investment opportunities that can attract large companies
• Improve public-private sector dialogue and ensure meaningful engagement
• Increase the capacity of government authorities in competitive energy procurements
Key Takeaways for Public-Private Sector Collaboration

• Governments are asking for clear signals from the private sector on what is needed in order to enable private sector investment and finance at scale in their countries.

• In many countries, private sector leaders see value in conveying recommendations in a unified voice (e.g., the Vietnam Business Forum’s Made in Vietnam Energy Plan).

• Regional peer sharing and learning – between top corporate executives working to increase their investment and top government officials working to enable it – is invaluable in exchanging perspectives, strengthening coalitions, and reinforcing the urgency of collective action to help achieve corporate and country goals.
Workshop Agenda

- Private Sector Recommendations to Accelerate Clean Energy Investment in Asia – Mikell O’Mealy, Activity Manager, USAID-funded Climate Economic Analysis for Development, Investment and Resilience (CEADIR) activity

- Market Trends and Insights for Investors, Project Developers and Governments – Ali Izadi, Head of Japan and Korea, Bloomberg New Energy Finance

- Enabling Renewables at Scale – Key Needs and Opportunities for Grid-Connected Solar and Wind in Asia – Boonrod Yaowapruetk, Investment Mobilization Lead, USAID Clean Power Asia
Workshop Agenda  (continued)

Leadership in the Philippines: Public-Private Sector Collaborations to Accelerate Clean Energy Investment

Panelists:

• Atty. Jose M. Layug, Jr., Chair Person, Philippines National Renewable Energy Board
• Anna Maria Gonzales, Sustainability Head, Ayala Land Inc.
• Anna Maria Reodica, Renewables Program Manager, Manila Energy Company
• Salvador Antonio Castro, Jr., President and CEO, CleanTech Global Renewables, Inc.

Moderator:
Marlon Apanada,
Managing Director,
Allotrope Philippines
Questions and discussion

• What has been your experience in working to scale up private sector investment in clean energy in Southeast and South Asia?

• What barriers have you encountered?

• What do you see as priority needs to help accelerate private sector investment?

• How can private sector investment help countries achieve national climate change commitments?