

Comments on ADB's Energy Strategy (version May 2007)

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1. General Comments

(1) Conceptual thinking behind the strategy

The strategy has put forward very strongly to meet the demand of energy (in the sustainable way?). This means that the energy demand will form the benchmark or goal that supply must be met even though the demand can have several scenarios. It will be the opposite attitude in carrying out project/program/activities if the strategy firstly sets the sustainable supply a priority and bringing the increasing demand to meet. Therefore, the strategy may want to manage the increasing demand to meet the sustainable supply instead of meeting the demand. Sustainability should then be defined as the sustainability in the energy resource utilization, improvement of quality of life, preventing resource degradation and environmental quality deterioration, for example.

(2) Recommendation for further activities

ADB should, if possible, put a little more effort by setting up a working group to develop a definition/guideline for the sustainable way as regard specifically to energy extraction and utilization in at least the ADB context. This will form a basis for further implementation of the strategy. The sustainable way criteria may be a set of guidelines for each stage of energy extraction, utilization and for type of energy resources;-depletable, non-renewable fossil energy and RE.

2. Specific Comments on the Draft Energy Strategy

2.1 Meeting the Energy Demand in a Sustainable Way

(1) Energy Efficiency and Renewable Energy (pp.24-25)

- The existing draft strategy has much emphasized on electricity. Energy consumption in the transportation sector (fuel) which is not less than the

consumption in the industrial sector (~ 36% in Thailand) was not sufficiently addressed in the strategy. Energy consumption reduction in transportation sector should be spelled out clearly, not only bio-fuel substitution but also improvement in modal shifts and logistics will be the effective approach.

- To stabilize energy consumption in the industrial sector, lowest energy intensity standards should be established and industry could be forced to implement by the economic instrument. ADB should play an important role in assisting DMC to set up the framework and policy across the region. Development of regional standards as regard to energy consumption equipments and appliances should also be assisted by ADB to prevent low quality but cheap price appliances from flooding over the market which in turn produce low EE in the region.
- Human-ware approach in EE and RE has not been stated any place in the draft strategy. Role of ADB in human resource development, technology transfer and R&D should also be considered and given priority.
- For the supply side of RE, MSW will become more important source for energy recovery from waste and will improve environment at the same time. The draft strategy should give some focus attention on this matter as countries like Thailand has been paying much attention to this waste to energy. ADB should take a leading role in providing guidance, framework and introduce a practical support model especially for the management and financial arrangement of the local administrations (municipalities) and central government.
- EE and energy conservation through recycling activities should be mentioned and provided some access for support by ADB.

(2) Power Subsector (pp. 25-26)

- The electricity needs of DMC should be carefully reviewed to confirm the real needs, and the sustainable capacity of supplies examined. The strategy could then determine the focus/concentration of support for the appropriate programs/projects.
- How ADB will encourage RE sources should be spelled out in more details if possible (such as initiating subsidy funds or providing investment funds at lowest or non interest for RE production to make project commercially feasible and helping preparation and coordination for CERs (especially for local municipalities and some private sectors).
- New energy source such as fuel cell technology should not be ignored and left out from the strategy at least for R&D support.
- In a long run, nuclear energy may be unavoidable; ADB should take a proactive role on this issue rather than maintaining a non-involvement policy.(?)

(3) Hydrocarbon Subsector (pp. 26-27)

- Human resource development and education sector, knowledge management and technology transfer in hydrocarbon among DMC and from developed countries should also be addressed to help maximizing utilization of the limited resources.

2.2 Energy Access for All (p. 27)

- PV cell for remote rural electrification is still the efficient system, community based small solar power plant projects should be designed for support.
- Cooking stoves may not produce substantial impact on energy efficiency, whether or not people really want to use the stoves or only ADB wants to fund the projects should be confirmed. Community based RE production may be the possible approach.

2.3 Energy Sector Reform and Governance (p. 28)

- It is possible to reprioritize the energy sector into sub-sectors such as electricity generation and distribution, RE production and WtE sub-sector and the reform is made specifically for each sub-sector because key factors of success and economy of scale for individual sub-sector are not all the same.

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