

Matrix of Comments on ADB Consultation Draft of Energy Strategy

Received 28 May – 27 July 2007

Includes written comments submitted to ADB and feedback received during subregional consultation workshops

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	Comment	ADB response
	Analysis of Alternatives	
1.	Although the ADB's Operations Evaluation Department (OED) determined that "analysis of alternatives in project identification and selection has been a shortcoming in ADB's [energy] operations" (pg. 11), the draft Strategy does not specify any commitment or requirement that ADB analyze alternatives before going forward with an energy project. Given ADB's stated intention to assist Asia in achieving a low carbon economy, it will be critical that the ADB Energy Strategy require analyses of all proposed energy (e.g., oil-, gas-, and coal-related) projects and adequately consider the options. In particular, ADB should consider whether energy needs could be met by renewable energy technologies. In addition, when the analysis indicates that the need can only be met by fossil fuels, private financing should be pursued.	The energy policy discusses what future energy sector activities ADB may engage in, as well as those that ADB will explicitly not engage in. The policy is meant to be a high-level policy that guides ADB's future operations in the energy sector of whole ADB DMCs, and does not address any considerations, including analysis of alternatives at the project level.
2.	ADB should provide stronger emphasis on external benefits of policy alternatives.	
	Biofuels	
3.	Strategy should talk about ways to harness the ethanol and bio diesel sector. Technological and financial Interventions are required. Many DMCs can be processing hubs or have huge surplus of bio fuel.	See new para 49 in new Appendix 1 for a discussion of issues related to sustainable biofuels development.
4.	There is much discussion about the potential and risks of bio-fuels for meeting transport needs and for partly displacing fossil fuel products. The region is a net oil importer facing rising prices. Involvement by ADB in the potential of bio-fuel such as ethanol and bio-diesel could be of value – perhaps leading to lending operations in its production, distribution and use. The Energy Strategy could address this opportunity.	As stated in new para 23, ADB will support further studies to assess the costs and benefits of sustainable biofuels development, particularly on food security, the net energy balance of crops, and environmental impacts. Where the benefits indicate it is appropriate, ADB will support their development.
5.	Biofuels were not mentioned at all in the report, and this may be a good thing. ADB should not fund or promote anything relating to biofuels which either impacts the food chain, or the forests. ADB should take a pro-active role to save these forests, and this should be tightly linked with the energy strategy. Any effort to grow palm plantations is a direct threat to all of the forests in the region, and for this reason, biofuels related to	

	palm oil (or anything else that may threaten forests) should be highly regulated.	
	Carbon Trading & Clean Development Mechanism (CDM)	
6.	CDM would not solve the climate change problem. This is simply trading of quotas. Therefore, it should not be included in the strategy.	ADB's involvement in the carbon market is not about trading carbon reduction credits or quotas, but creating more renewable energy (RE) and energy efficiency (EE) projects in developing member countries (DMCs) by utilizing the Clean Development Mechanism. CDM is funding projects that otherwise would not be funded. CDM promotes the use of cleaner technology, which will cause a net decrease in emissions.
7.	<p>Define and use targets for emissions reductions based on real emissions, not project-based credits.</p> <p>ADB should participate only in systems in which scientifically verifiable emissions reductions are used. Problems with carbon trading programs that utilize project-based credits rather than emissions-for-emissions trading include:</p> <ul style="list-style-type: none"> ▪ Baseline accounting procedures set up perverse incentives for carbon project proponents to emit as much greenhouse gas as possible today in order to make projects appear to be saving more carbon tomorrow. ▪ With a bit of judicious accounting, a company investing in foreign “carbon-saving” projects can increase fossil emissions both at home and abroad while claiming to make reductions in both locations.¹ ▪ “While some scientific basis exists for markets in emissions, none exists for markets in project-based “offset” credits, or markets in which emissions allowances and project-based credits are interchangeable,”² which is what ADB's current Certified Emissions Reductions (CERs) use. 	
8.	<p>Recommendation: Make carbon trading initiative be more transparent. Ensure carbon credit funds reach the intended renewable and energy efficiency programs.</p> <p>It is highly doubtful that the sale of Certified Emission Reductions (para 74) is going to improve the financial sustainability of renewable and efficient energy schemes. The World Bank and European countries' experience have manifested that the system is open to corruption and “creative” accounting. Likewise, critics have pointed out that in most cases, profits from CERs have not really gone to the promotion of renewables.</p> <p>The Carbon Market Initiative (para 74) has been criticized because: most credit firms go for easy carbon sequestering projects such as monoculture forest plantations that</p>	ADB is deploying a Clean Development Mechanism developed by the United Nations Framework Convention on Climate Change (UNFCCC). UNFCCC will formulate the methodology of emission reduction and verification and accounting.

	<p>harm biodiversity rather than reducing GHG; it encourages and tolerates increase carbon emissions mainly due to the absence of a regulatory body; it has paved the way for corruption and fraud as proven by the rampant padding of absorptive capacity by countries that are selling carbon credits; the process could be easily manipulated. Actual reduction in CO2 emission is almost impossible to verify, thus the effectiveness of the mechanism could not be measured</p> <p>How will ADB provide a check and balance mechanism for CMI, be transparent about its accounting of carbon credits, and show whether each dollar invested in CMI actually contributes to reducing GHGs?</p>	
	Climate Change	
9.	<p>Strategy should include climate change adaptation strategy measures, such as setting up an adaptation fund, or including various adaptation techniques like afforestation, irrigation, coastal management, effective disaster management, breeding new plant species and crops which are more tolerant to changed climate, and promoting changes to building and infrastructure design standards to protect against more extreme weather events.</p>	<p>The policy addresses climate change mitigation through a focus on energy efficiency and renewable energy. In addition, the policy states that ADB will collaborate closely with global climate change initiatives such as the Climate Investment Funds to help its DMCs move toward a low-carbon economy. Please see new paras 17 and 18.</p>
10.	<p>Strategy should include more on climate change. While the Draft Strategy explicitly mentions the increased risks of climate change to developing Asia, the gulf between identified risks and coming up with an adequate response plan or strategy is far bigger than the one confronted in Kyoto.</p>	<p>Climate change adaptation strategies will be addressed by ADB's overall climate change program.</p>
11.	<p>Climate Change and ADB Support for Hydrocarbons (Fossil Fuels)</p> <ul style="list-style-type: none"> The draft Strategy states that “Asia’s current approach of increasing the supply of low-cost fossil fuel-based energy is unsustainable” (p. 13). Yet, ADB not only plans to continue to support coal (albeit “clean” coal), natural gas, and oil, but the draft Strategy suggests an acceleration of hydrocarbon development (see draft strategy p. 9, 26, 27, 71, 72). We do not believe that ADB can continue to support and accelerate funding of fossil fuels and at the same time uphold the strategy’s first pillar of “meeting the energy demand in a sustainable way” towards a lower 	<p>The energy policy is meant to cover all 44 ADB developing member countries. Although the focus of the policy is on renewable energy and energy efficiency, it cannot turn away all other projects because each DMC has different natural resources, needs, and contexts.</p>

	<p>carbon future.</p> <p>Apart from the obvious climate change concerns related to increased support to fossil fuels:</p> <ul style="list-style-type: none"> • Public Financing for Fossil Fuels is Not Needed -- The draft Strategy is inconsistent in its justification for supporting oil and gas. On the one hand, ADB argues that it should not be involved in oil and gas prospecting, but ADB states that it will provide assistance for refining, extraction, transportation (e.g., pipelines), and distribution. With the rapid increase in prices for fossil fuels, there is sufficient private capital to develop these energy sources; ADB financing is simply not needed. ADB should logically stop spending on fossil fuels and divert its investments to promoting alternative energy sources. Given renewable energies have more difficulty in attracting private capital, they should be the focus of public financing. • High Cost of Clean Coal (technically and economically) -- Coal is one of the major sources of green house gases. Clean coal technologies are not readily available to ADB borrowing countries and are economically very costly. This money is better spent on alternative, climate change reducing forms of energy. At best, this is a risky experiment, to which the World Bank Group is already devoting substantial resources. ADB could create more value added by concentrating its scarce resources on promoting RE. 	<p>Although in many countries, there is sufficient private capital to develop fossil fuel energy resources, this is not the case in all DMCs.</p> <p>In terms of the high cost of clean coal, energy security is another concern. Some countries have large reserves of coal, so they will opt to use this coal to promote their own energy security.</p>
12.	<p>The business-as-usual framework of ADB's Energy Strategy will negate ADB's recognition of the need to shift to low carbon economy and of providing energy for all. Based on experience, it will actually result in a more carbon intensive economy.</p>	<p>Please see new para 18. To help DMCs move toward a low-carbon economy, ADB will provide assistance for mainstreaming climate change mitigation activities in DMCs, such as (i) financing greenhouse gas abatement projects, (ii) conducting upstream analysis of options for meeting power sector expansion, (iii) incorporating carbon footprints of the projects, and (iv) providing support to build technical capacity to identify and evaluate low-carbon development</p>

		strategies.
13.	Understand the need for stringent environmental guidelines but this cost must not be borne by the all of developing countries. For example the Cook Islands population 20,000 (exaggerated) total fuel use per annum 15 million litres makes only the slightest impact on the global emission front but stands amongst the most to loose in the climate change and sea level rise scenario. Being developing is no excuse for lax environmental controls this particularly in regards to PRC and India where although still developing have a massive impact on the environment. This is very much the case of paying the cost up front or later when perhaps to late.	These issues are outside the scope of the energy policy.
14.	The strategy mentions that low carbon economy should be encouraged, but a low carbon economy can only serve the rich, and not the poor. A low carbon economy is not practical in Asia without the necessary support. This needs facilitation by ADB.	Noted.
15.	The paper could usefully say a little more about future climate change impacts in the region linked to increased CO2 emissions from the region. A substantial and increasing proportion of climate change effects will be attributable to rising emissions from within the region – unlike Africa or small island states, for example, which may suffer the effects of climate change without contributing significantly to the causes. Recognition by large emerging economies, that their own GHG emissions will increasingly affect them directly, could be an important factor in reaching agreement on global action post-2012. ADB could provide analysis and support for scenario planning to better inform policy making.	These are important issues that will be handled by organizations with the necessary mandate and the technical capacity, such as the Intergovernmental Panel on Climate Change (IPCC). ADB's expertise is not in climate change analysis.
16.	ADB should raise awareness of governments on energy issues and climate change issues.	ADB will continue to assist in capacity-building of DMC officials, including on energy and climate change issues.
	Coal: Strategy Needs More on Coal	
17.	Coal based power generation, provided clean technologies are used, should also be considered in the strategy.	Noted.

18.	The strategy neglects issues related to coal and coal production. It should mention coal liquefaction and gasification.	
19.	References to coal energy sources neglect to mention the implications for job loss or creation.	
20.	The strategy cites the data for 2030 on coal resources. We are rich in coal resources, but ADB's policy does not support coal production. Para 48 is very controversial. If ADB does not want to provide loans on coal production, it should at least provide technical assistance on safety of coal production and application of new technology.	
21.	ADB should consider providing assistance in the processing of coal.	
22.	Strongly disagree with the premise that <i>clean coal is a fallacy</i> . So was flying once upon a time.	
	Coal: Strategy Goes Too Far on Coal	
23.	<p>The draft promotes the fantasy of cheap, clean coal. It does not discuss actual costs related to coal expansion, nor the fact that new technologies do not actually reduce carbon significantly and that most of the costs are transferred to taxpayers.</p> <p>When ADB promotes coal, it doesn't actually tell its DMCs that the balance sheet is actually more than just the price; coal is more expensive than what it seems. While its production cost under the current world economic system has a lower dollar value attached to it than to other technologies, most of the costs of coal are externalized onto the environment and affected people. Indeed, coal use alone accounts for around 20 percent of global greenhouse gas emissions.³ The Strategy states, "Global economic damage from the negative impacts of climate change is projected by the insurance industry at hundreds of billions of dollars each year."⁴ These costs include public health impacts and structural damages, to name just two examples.</p> <p><i>We call on ADB to cease any support for coal or large hydropower. ADB can demonstrate its commitment to truly clean energy by not participating in the Phulbari coal mine in Bangladesh.</i></p>	<p>The energy policy is not simply promoting the use of coal or banning the use of coal. The policy discusses what future energy sector activities ADB may engage in, as well as those that ADB will explicitly not engage in. The country-level discussion will take place when ADB develops the Country Partnership Strategy, which will identify the best option to supply energy to all. Due to energy security concerns, use of domestic coal (or imported coal) is one of the options considered by some DMCs. In these cases, ADB will promote deployment of technology for efficient use of coal. Please see new Appendix 1, paras</p>

		57-61.
24.	The use of clean coal energy in the strategy contradicts all the positive efforts towards climate change mitigation that are in the strategy.	Climate change, energy security, and energy access are conflicting factors that should be taken into consideration to identify optimum solutions. While important, climate change cannot be the sole factor.
25.	Although ADB will continue its policy of not funding coal mine prospecting, it will promote use of coal in the energy sector. Para. 85. ADB should not be funding coal projects which have serious environmental and health impacts, including contributing to climate change.	Each project will comply with ADB's environmental and social safeguards. See new para 15 section (v).
26.	We welcome ADB's re-statement of its position not to directly finance coal mine prospecting (Paragraph 85, page 27). However its disavowal of entering/financing extractives and coal mine-to-mouth activities is a bit weaker in this Draft Strategy because the language appears to quibble more, thus increases the incentive for ADB to finance more such projects.	The 2009 Energy Policy states that ADB will only support coal mine development in cases for captive use by thermal power plants. This is the case when a substantial part of the production of thermal coal is tied to long-term fuel supply contracts, or administrative allocation, for power plants. ADB will not finance when a coal mine is envisaged to be developed to sell thermal coal to the open markets or is linked through international trading channels to power generation in another country because the transaction will be considered market-based. Please see new para 39.
27.	<p>Throughout the draft, there is persistent reference to coal as a key medicine for the carbon-afflicted world.⁵ This proposition is absurd. Coal is a strategic option only for the shortsighted. In a carbon-constrained world, electricity costs are projected to rise as coal-fired emissions become increasingly regulated.</p> <p>The Draft Strategy frames mitigation options largely based on "cleaner technologies" such as Integrated Gasification Combined Cycle technology (IGCC), supercriticals and ultrasupers, and not even decentralized or mixed IRP-derived options. Coal plants today typically reach only up to 38-40 percent thermal efficiencies while improvements using even the most modern coal-fired power plants have demonstrated marginal results. More expensive coal-fired power stations utilizing supercritical and ultrasupercritical boilers can reach no higher than 50 percent efficiency while plants using fluidized bed systems fare worse. Even the few integrated combined cycle (IGCC) coal plants in pilot project stage, which are considered costlier than conventional coal technologies, are expected to improve coal combustion efficiencies</p>	<p>ADB is considering all available sustainable energy options to help DMCs provide reliable, adequate, and affordable energy growth. When options are chosen, factors to</p>

	<p>of only up to 50 percent.</p> <p>In the context of the need for retrofits, the draft explicitly opens the way for ADB support of carbon capture and storage (CCS) technologies and IGCC. (para 50) Aside from numerous serious legal and environmental infirmities associated it, the use of CCS will actually increase power generation costs between 40 to 80 percent. CCS requires 10-40 percent more fossil fuel to be burned just to achieve the same power output. CCS is also not expected to begin commercially until 2020 (at the earliest), which means during the very period when huge emissions reductions are required CCS will not be relevant.</p> <p>Is the ADB draft energy paper’s belittling sustainable energy options and avoiding substantive discussions of massive shifts of resourcing to alternative energy pathways in order to support its reckless promotion of supposedly “clean and cheap coal”?⁶</p>	<p>consider include climate change, energy security, consumer preferences, and affordability.</p> <p>In terms of coal, ADB will support (i) safety in coal mines, (ii) environmentally and socially sound mining practices and efficient use of coal for power generation, (iii) carbon capture and storage (or sequestration) once technologically viable, (iv) coal bed methane extraction and use, (v) coal gasification, (vi) coal scrubbers, (vii) waste coal utilization, and (viii) efficient coal transportation over land and sea. ADB will also support safety and efficiency improvements in the transportation of oil and liquefied natural gas (LNG), including oil and LNG terminals, storage facilities, pipelines, and marine transportation. Please see new para 40, as well as new Appendix 1, paras 57-61.</p>
	Consultation Process	
28.	<p>In previous policy consultations, ADB has put a matrix on its website with all comments and submissions sent by CSOs. The matrix cites whether comments have been integrated or omitted and offers explanation as to why certain recommendations have not been taken on board. At a minimum, we would like ADB to continue this practice with ADB energy strategy consultation process.</p>	<p>This matrix summarizes the oral comments shared at the subregional workshops and the written comments submitted via web and email. It also includes ADB’s response.</p>
29.	<p>Previous consultations not included in the current draft.</p>	<p>The draft was revised once all comments were received, both from workshops and in written form, so that all comments could be considered in</p>

		the revision process.
30.	Suggest ADB to include all comments/suggestions raised during the workshop as much as possible to the strategy. Feedback on the consultation is very important. We would like our concerns to be addressed and included in the final document on Energy Strategy.	Noted.
31.	Continuing dialogue especially on impacts of power sector reforms (beyond the timeframe of consultation period).	ADB looks forward to continuing dialogue during the development of country partnership plans and relevant projects during implementation of the energy policy.
32.	We would also like to comment on the flawed consultation process that ADB has initiated relative to this undertaking. Foremost, we reiterate our dissatisfaction about the non-transparent process of this on-going Energy Policy review in comparison to previous policy revisions of ADB. For the most part, and despite a number of discussions with ADB since February 2007, civil society groups were kept in the dark in terms of timely, clear and relevant information as regards the consultation process.	Information on the consultation process was posted on www.adb.org . ADB was in communication regarding the consultation process with civil society groups through in-person meetings, phone calls, and emails.
33.	Process of consultation is unclear; how participants were selected.	Subregional workshops included a range of stakeholders, balanced between government, civil society, academe, industry, and bi-lateral and multi-lateral donors. Participants with a demonstrated interest and/or expertise in energy issues were sought. ADB asked government counterparts to recommend government participants. To identify participants from civil society, suggestions were received from ADB's resident missions (RMs), ADB's NGO and Civil Society Center, and umbrella organizations such as NGO Forum on the ADB. ADB's
34.	There is also an absence of clear and objective selection criteria for CSO participation in the sub-regional consultations. In fact, ADB has originally considered only "individuals that have demonstrated interest and capacity and with previous experience" as participants. We think this is not a good practice as it automatically excludes the participation of affected people and communities that have been impacted negatively by ADB-funded projects over the years.	

		Private Sector Operations Department suggested industry participants. RMs suggested bilateral and multilateral donors based on their country operations.
35.	Some civil society organizations consider that a more legitimate form of consultation would be carried out by an independent panel of experts and/or external reviewers who would integrate comments from various stakeholders and put forward recommendations for the final draft. Such a panel should ideally be put in place with civil society input and in a transparent and democratic manner. This panel, rather than ADB staff, should propose changes to the ADB draft, to be vetted by the public, before the final draft is created by ADB staff and approved by the Board.	For this energy policy, an independent panel is not necessary.
	Consultation Process: Second Draft	
36.	<p>A second draft of the Strategy should be publicly released for a brief comment period before the document is submitted for approval. This is a critical step to show how and if stakeholder input was incorporated, and provide the opportunity for additional comment if necessary.</p> <p><i>Recommendation:</i> ADB should release a revised draft Energy Strategy with a matrix showing how comments are or are not reflected in the new draft. The draft should be posted for an additional comment period before being finalized and sent to the Board of Directors.</p> <p>At a minimum, the second draft should be posted on ADB website, all participants that attended the regional consultations and who sent in comments should be informed of its release, and a two-week comment period should be set.</p>	<p>Another comment period on the second draft was not necessary. All the comments received in the consultation period were considered and incorporated as appropriate to finalize the energy policy.</p> <p>ADB looks forward to continuing dialogue during the development of country partnership plans and implementation of the energy policy.</p>
37.	There needs to be another consultation meeting to finalize document before presenting it to the board. Stakeholders should be given another opportunity to critique, comment on and/or validate the revised energy strategy paper before it goes to the Board and Management.	

	Consultation Process: Timing of Consultation	
38.	<p>The 60-day consultation period is too short for a true and sincere consultation process to take place. It is not only the draft energy strategy paper that has to be reviewed in making comments, but other related documents as well such as the OED report. It took ADB more than a year to draft the consultation paper, yet it expects the civil society organizations to comment on it in just 60 days.</p>	<p>ADB guidelines to staff on external consultations for policy papers indicate that depending upon the subject matter, the public comment period should normally be 1 month or more. In the case of the energy policy, ADB chose a 60-day consultation period. ADB scheduled subregional consultation workshops during this 60-day period, allocating sufficient time between the last meeting and the close of the consultation period to receive additional comments before the close of the comment period.</p>
39.	<p>ADB has infringed its own principles regarding conducting public consultations, as the time-frame for getting acquainted with the documents was not observed. The necessary documents were not placed at the website in a timely fashion (either in English or Russian), though the consultation schedule had already been available.</p> <p>In comparison to the other participants of the consultation process, the participants from the Central Asian and Caucasus countries were in a particularly unequal position, since the first subregional consultation workshop took place in Almaty, Kazakhstan on 14 June 2007. The time was very limited to get acquainted with the strategy before the start of consultations; participants had a maximum of only 7-15 days. ADB clarifications, that nobody was deprived of the right to submit written comments before the end of the deadline, are considered by us as recurrent attempts to avoid responsibility for violating ADB's own rules. Such a position should be acknowledged as a position undermining the principles of ADB's collaboration with public organizations.</p>	<p>The content of the new energy policy is congruent with the consultation draft of the energy strategy.</p>
40.	<p>We express disappointment over the lack of provision for a minimum 30-day period between the release of the consultation paper and the first sub-regional consultation. This hinders a more informed consultation process because participants do not have adequate time to fully understand the energy strategy in order to come up with suitable critical analyses and recommendations. Likewise, this somehow contradicts the repeated assurances of ADB that CSOs and concerned parties will be given ample time to review/analyze the consultation paper, as well as prepare for the multi-stakeholder consultations.</p>	

	Country-level	
41.	The country specific issues need to be spelled out, identifying the problems and needs of each country.	The specific country-level strategies in the energy sector will be addressed during preparation of each developing member country's Country Partnership Strategy (CPS), reflecting the country context, including each country's resources and options.
42.	Energy security is country-specific: what is energy security for a country that has large coal resources; and energy security for a country that has no coal and has no natural gas? Regional cooperation is important.	
43.	Link ADB's regional energy strategy with countries' national energy strategies.	
44.	Draft has a one-size-fits-all approach, but the region is so diverse.	
	Country- or Subregion-Specific	
45.	Afghanistan should be considered as a bridge among the Asian countries and the attention of ADB should be focused on investments there. A feasibility study on infrastructure and natural resources in Afghanistan is important. Also, Afghanistan should be treated as a market for future investments. ADB should concentrate on helping in the construction and rehabilitation of the poor country of Afghanistan and the encouragement of the private sector there.	Noted. The energy policy discusses what future energy sector activities ADB may engage in, as well as those that ADB will explicitly not engage in. The need for country-specific technical assistance and projects will be addressed during preparation of the Country Partnership Strategy.
46.	The use of hydro-energy resources of the Republic of Tajikistan would allow supplying electric power to Afghanistan, Pakistan, Western China, and India. Tajikistan's potential resources exceed 500 bl kWth per year. It is desirable that a feasibility study of the coal deposits and water resources of the Republic of Tajikistan be implemented to study the possibilities to use them for electric power generation and its exports.	
47.	The strategy is advocating more investment in power sector. It also advocating reducing subsidies. I think both strategies are not fit for Nepal and Nepali people. If you can, please re-think.	
48.	Strategy should address oil security for Pacific Island Developing States, which are (and will be for at least the next 10 to 15 years) dependent on fuel oil for their energy	

	supplies. As small consumers, we do not have the same purchasing power of the larger developed countries nor the revenue to afford the higher prices charged.	
49.	<p>ADB should provide technical assistance for PIDMCs in:</p> <ul style="list-style-type: none"> • Bulk procurement of oil (looking at the whole supply chain, review and upgrade the storage, pipeline, tanker, etc.) • Price hedging • Legislative drafting – energy related issues, e.g., appliance labeling and standards, non-technical losses, renewable technologies standards, etc. • Study in the utilization of coal in the PIDMC's • Funding for PIDMCs ESCOs, RESCOs, incentive packages for the purchase of renewable and other technologies • Implementation of biogas technologies • Implementation of hybrid based projects (any combination of diesel generator, solar, wind, hydro, etc) • Implementation of the biofuel based projects • Implementation of grid connected renewable based technologies 	
50.	For Mongolia: increase investments for network improvement, such as power transmission and distribution lines crossing borders to Northern PRC and Kazakhstan. More construction of natural gas pipelines across the region is also required.	
51.	Mongolia needs more help in hydro, wind, and power.	
52.	For PRC: provide loans to local governments to enable them to invest and to reach the central government's target of 20% efficiency improvement. China also needs more funds in carbon reduction technology development and policy implementation. These loans should be given to PRC government with strict conditions.	
53.	Philippines: needs technical assistance on planning (not necessarily government)	
54.	Malaysia: needs technical assistance on preparing comprehensive energy policy	
55.	Thailand: needs technical assistance on sector planning, waste-to-energy	
56.	Develop a specific strategy for countries near the Caspian Sea.	

57.	Use “Pacific Island Developing Member Countries” (PIDMCs), not “Pacific Developing Member Countries” (PDMCs).	In the past, ADB used both terms. Currently, ADB’s Pacific Regional Department (PARD) uses “Pacific Developing Member Countries”. In the energy policy, “Pacific DMCs” is used.
58.	<p>Section 2 Para 51: Mentions Cambodia as an example of a mainland DMCs dependent on oil for power generation. The unique situation of Sri Lanka too should be stated in this para. Suggest the following revision:</p> <p>51. Oil is a major source of power generation in most Pacific DMCs (PDMCs), some mainland DMCs like Cambodia and Sri Lanka, and for captive use by the industrial sector. Oil imports form a large component of the import expenses of these countries who remain vulnerable to the price fluctuations in the oil market. For example, Sri Lanka has the highest cost of electricity generation in the whole of South and SE Asia. In most PDMCs, oil consumption for power is more than that for transportation. Oil-based power generation continues to be a technically viable solution for providing electricity in remote areas, island communities, and sparsely populated areas, but PDMCs need to reduce their dependence on imported oil by developing alternate renewable sources of energy and other baseload conventional options. Price considerations and pollution aspects will be partly mitigated with such an energy mix. DMCs like Cambodia need to develop energy trade with neighbors or explore other least cost energy options to reduce its dependence on imported oil, while DMCs such as Sri Lanka need to rapidly build lower cost baseload generating facilities. Industrial use of diesel sets for captive generation is mainly to secure energy supply. This can be addressed only when sufficient generation capacity is available to meet the demand of the industrial sector or through appropriate captive power policies.</p>	New para 66 in new Appendix 1 reflects many of the proposed changes.
59.	Para 80: This should further qualify that larger island economies (such as Sri Lanka) would be supported for RE as well as other conventional baseload power generation facilities.	New para 35 mentions “island economies” yet does not include a list of specific countries. In this context, Sri Lanka is considered an island economy.
60.	In connection with that ADB provided for in its strategy support for interregional energy trade, we find it important to note that in the case of projects’ financing directed to the strengthening of cooperation between Azerbaijan and Central Asia countries special	Noted.

	attention should be paid to the ecological safety of the Caspian Sea. As the main transportation route of the energy supply lies through the Caspian Sea, ecological condition of which is under threat, we suggest ADB to work out special strategy of activity in the Caspian Sea, which would consider all the difficulties and nuances of this region. In particular, special attention should be paid to the conservation and protection of the biodiversity of the Caspian Sea. We understand that not all 5 Caspian countries are the members of ADB but we do believe that it is possible to work out common strategy for the rest 3 countries (Azerbaijan, Kazakhstan and Turkmenistan).	
61.	ADB should continue the PREGA project, which is seen positively within the Central Asian / Caucasus region.	Noted.
	Definition	
62.	Lack of definitions, e.g., “modern energy”, “modern fuel sources”, “clean”, “sustainable” “Modern” fuel sources seem to be “typical” fossil fuel based electricity which the western world has had access to. Suggest the strategy be forward thinking, and change “modern” to “modernized,” meaning “new” fuels which are more efficient, clean and address climate change issues.	New para 22 in new Appendix 1 defines “modern fuel sources” as liquefied petroleum gas (LPG), natural gas, and electricity. “Cleaner energy” is perhaps a more accurate term than “clean energy.” However, in practice, “clean energy” is the term used. “Sustainable” means socially, environmentally, and economically sustainable.
63.	Clarity in definition between sustainable and renewable energy is lacking.	The new policy avoids using the term “sustainable energy”. Renewable energy is that used from renewable sources, as identified in new Appendix 1 para 46 in the policy paper: biomass (combustible renewable and waste), hydropower, solar, wind, ocean, and geothermal energy (including geothermal heat pump systems).

	Definitions: Sustainability	
64.	Strategy should define the concepts of “sustainable development,” “sustainability” and “sustainable way,” especially as pertains to energy sources, energy extraction and utilization. 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).	“Sustainable way” is “socially, environmentally, and economically sustainable way” as reflected in new para 14.
65.	The ADB strategy document could be strengthened with a paragraph dedicated to the definition of sustainability and associated assessment aspects. Suggested definition in Sustainability Assessment Protocol of the International Hydropower Association	
	Donor Coordination	
66.	The draft should also indicate the avenues for cooperation among donors within the region. Development aid can be instrumental in promoting transition to low-carbon or renewable energy sources. Since donors have limited resources, collaboration among donors and other global organizations should be part of the strategy to prevent overlap. A comprehensive and truly effective regional strategy should involve an assessment of strengths, weaknesses and opportunities ADB over-all donor intervention/priorities in the sector.	Please see new para 17 and new Appendix 1 para 35. The energy policy states that for more efficient implementation, ADB will seek further collaboration with a wider range of development partners.
67.	ADB might usefully work with the World Bank in the context of their Clean Energy for Development Investment Framework on carbon financing and similar finance mechanisms. These would be aimed at increasing the incentives for adopting clean energy options and buying down any additional initial costs. If new mechanisms are to work effectively on a global or regional scale, a coordinated effort and structured dialogue will be necessary to develop and implement these with some urgency.	Noted. ADB’s Clean Energy and Environment Program is part of the Clean Energy for Development Investment Framework.
	Energy Access for All	
68.	The strategy says (para 88) that countries with less than 70% energy access would be targeted first. As some countries already have more than 70% access, and there are large and small countries, this specific benchmark should be dropped.	Agreed. The specific benchmark has been deleted (new para. 28).

69.	PV cell for remote rural electrification is still the efficient system, community based small solar power plant projects should be designed for support.	Photovoltaic (PV) cells are included as one of the renewable energy sources in the policy.
70.	Energy access is part of addressing poverty alleviation. As far as carbon trading and renewable energy, these are marginal interventions by ADB. There is a very large requirement to provide access to rural areas. The least cost options available are coal and hydro. These should be the priorities. Access to energy should not only be through renewables. ADB's portfolio should also have \$4-\$5 billion target for conventional energy, not only \$1 billion for clean energy.	Access for all may be provided through rural electrification (link to existing grid) or off-grid supply using renewable energy sources. Both options will be considered. ADB will try to find innovative ways to finance these, especially off-grid supply.
71.	<p>If ADB is serious about poverty reduction, it must finance and encourage rural electrification programs that have rural populations as target beneficiaries. ADB should shift its financing to off-grid and decentralized renewable energy projects, as the most effective means to reach the rural poor.</p> <p>Among the three pillars, 'energy for all' is the shortest section in the Draft Strategy. Worse, the content is even shorter in substance. This, in our opinion clearly shows ADB's insincerity as regards this issue.</p> <p>It seems ADB only wants to use the lack of access to what it calls modern forms of energy to push for more generation capacities, without meaning to ensure that the 'unreached households and communities' are reached. It does not necessarily follow that more generation capacities will provide energy access to the unreached; there are many reported cases of communities living near huge generation capacities that do not have access to the electricity generated.</p> <p>ADB's blind advocacy for power sector privatization actually contradicts the 'energy for all' pillar, since rural electrification or ensuring that every community has access to power is not exactly a top-most priority of the private sector (as exemplified by the power sector reforms in Orissa in Eastern India). If ADB is indeed serious about providing universal access to electricity, then the least ADB can do is to have time-bound targets with specific allocations for each DMC in the Draft Strategy.</p>	
72.	Access is also a demand-side and affordability issue. Even if you have the supply, is it affordable? ADB needs to clearly define when subsidies will be given. There is latent demand from those without any access, but there is also a big question of affordability.	The energy policy focuses on a reliable, adequate, affordable energy supply. If subsidies are absolutely

	The goal of poverty reduction and electricity for all are conflicting if the poor do not have an increase in income to pay for electricity.	necessary, ADB can allow them, but such subsidies should be made transparent, targeted, and capable of being phased out in the medium term.
73.	Draft had no mention of the baseline of inequality of rich and poor viz energy access.	
74.	The so-called energy efficient cooking stove (para 15) is an initiative that was introduced two decades ago. The nagging question is whether this initiative has been proven successful by research studies. We think this is important to further develop because it taps and promotes the potential use of biomass as an alternative energy source.	One of the main limiting factors of the cooking stove is affordability of kerosene for its operation. This is why it has not been fully successful or fully deployed.
75.	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.	
	Energy Data	
76.	Paper includes only world-level data; need more data on Asia and the Pacific Island DMCs.	Unfortunately, ADB does not currently have its own energy database in the Asia and Pacific region. The policy analysis underpinning the energy policy is based on the most reliable and appropriate source of energy data, from the International Energy Agency (IEA). The IEA database is updated every year and its analysis is widely accepted. IEA's data does not provide separate aggregates of ADB's developing member countries. ADB is preparing a publication on "Energy Statistics and Outlook in Asia and the Pacific." It would be available in November 2009.
77.	The strategy uses data mainly from IEA. Some data are erroneous; sources of information should be diversified in the final energy strategy.	
78.	In its prospects for different energy technologies, the ADB strategy document cites very extensively IEA WEO, which unfortunately has a tendency to underestimate the prospects of renewables, even in the alternative scenario of the WEO 2006. I will not cite the studies by Greenpeace and GWEC which come to entirely different results, because they are exploratory scenarios and methodologically different. I only point to the ongoing trends. ⁷	
79.	One key investment ADB needs to make is to build up a database. This is very important and a significant amount of money has to go into building that data infrastructure.	
80.	Table 3: Data is based on 2005 – too obsolete for "2007 Energy Strategy"	
		The energy strategy now includes

		data from the International Energy Agency's World Energy Outlook 2008.
81.	The draft strategy needs more rigorous data sources; should not rely on Wikipedia or the Uranium Information Center of Australia (para 40). There are many studies and reports from reputable institutions like European Renewable Energy Council (EREC) or the Global Wind Energy Council (GWEC) or the European Wind Energy Association (EWEA).	Noted. We have improved the data references in the final policy paper.
82.	The ADB team which wrote the draft had the benefit of numerous detailed, robust challenges from civil society regarding ADB's energy sector operations more than a year before it was issued publicly but no comments or discussion on critical views and serious submissions have been made. We again urge ADB to use as important reference these critical views and serious submissions in revising the Energy Strategy Paper.	In developing the energy policy, ADB considered the input from civil society, government, industry, and others to maintain a balance.
83.	<p>Unfortunately, despite sectoral information and country experiences that should have been available to ADB, the draft is plagued with defective assumptions, shoddy research and poor analysis. The neglect to reference available literature is one of the more serious flaws behind the poor quality of the ADB draft. Either the ADB draft avoids key industry reports altogether or it cites questionable sources particularly because of the prevalence of industry literature that would have made the ADB's energy paper more robust in its discussion of options available to its DMCs. For instance:</p> <ul style="list-style-type: none"> ▪ a report co-authored by the European Wind Energy Association (EWEA) that provides a blueprint to achieve 12 percent of the world's electricity from wind by the year 2020. The report shows why, with the right policy support, the technology has "the maturity, clout and global muscle to deliver deep cuts in CO2 while providing a hedge against fluctuating fossil fuel prices and reducing energy import dependence." ▪ Global Wind Energy Outlook report, released in 2006 by Greenpeace and the Global Wind Energy Council (GWEC), which is comprised of the leading global, regional and continental associations representing the entire wind power community. The report showed that wind can provide 29 percent of global electricity by 2030 with the right policy support.⁸ 	<p>Noted.</p> <p>In preparing the energy policy, ADB undertook to assess and review, to the maximum extent, information relevant to the energy sector.</p>

	<ul style="list-style-type: none"> ▪ The Energy [R]evolution report released this year by Greenpeace and the European Renewable Energy Council (EREC), which is composed of many of the world’s leading renewable energy companies, consulting firms and European RE industry associations. The report demonstrates that with the right policy support, 50 percent of emissions from the power sector could be halved by 2030 through a combination of energy efficiency (EE), which represents half of the effort, with combined heat and power and RE providing a quarter each of the solution, with RE delivering 70 percent of global electricity by 2050. The blueprint details the contribution that can come from East Asia, South Asia and China that, together with steep cuts from the developed world, can keep global temperatures below 2 degrees above preindustrial levels.⁹ The report constitutes a direct challenge to both the business-as-usual and friendlier-business-as-usual scenarios propounded by the International Energy Agency (IEA). EREC calculates that fuel cost savings under a sustainable energy scenario can reach up to \$202 billion per year, which would dwarf the “extra global annual investment of \$22 billion in clean and renewable power plants on top of current expenditure.” In addition, converting the \$250 billion in subsidies that coal and gas receive annually to sustainable renewables could more than cover the shift towards more efficiently run, renewable energy-powered economies. 	
	<p>Energy Efficiency</p>	
<p>84.</p>	<p>In energy efficiency, economic instruments (pricing) not explored – little discussion about economic instruments to force EE. Demand side management and demand side planning were driven by price in the past.</p>	<p>Pricing is an important aspect; market-based energy pricing, including tax policy, is mentioned as a way to achieve energy efficiency (please see new Appendix 1 para 42).</p>
<p>85.</p>	<p>There has been little significant progress in terms of tapping the huge potential of energy efficiency to reduce the energy gap, carbon emissions, and reliance on expensive hydrocarbon imports. We recommend that ADB set clearly defined targets for EE power sector projects, for example, 33% of ADB’s power sector funding will be for EE projects.</p>	<p>ADB’s target to increase its clean energy investments (which includes energy efficiency and renewable energy) to \$1 billion a year starting from 2008 was achieved in 2008. This established a platform to increase the</p>

		target to \$2 billion per year from 2013.
86.	We recommend that ADB, through its Energy Strategy, develop multi-disciplinary training centers on efficiency in each DMC and sub-region. It should adopt innovative options for rapidly improving appliance efficiency such as 'public license' of the most efficient product patents (like the most efficient refrigerator). This could make it much easier for DMCs to ensure that stocks of inefficient appliances are not increased.	Noted.
87.	EE and energy conservation through recycling activities should be mentioned and provided some access for support by ADB.	ADB is engaged in the 3R (Reduce, Reuse, Recycle) program, as part of the Clean Energy and Environment Program, as mentioned in new para 21.
88.	To stabilize industrial sector energy consumption, 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 DMCs to set up the framework and policy across the region. Development of regional standards on energy consumption equipment and appliances should also be assisted by ADB to prevent low quality but cheap appliances from flooding the market, which in turn, produce low EE in the region.	New para 22 addresses energy operations in the industrial, commercial, and residential sectors, including enabling legislation, efficiency standards, and establishment of labeling authorities.
89.	Technical assistance needed for setting regional standards for equipment as it relates to EE. Many products from PRC may be inexpensive, but are not energy efficient.	
90.	Reducing energy consumption and promoting energy efficiency at the household level should be emphasized. NGOs and others can support that kind of reduction in demand.	
91.	Strategy should discuss ways to reduce current energy consumption, for example through Organic Farming (which can reduce the energy demand in agriculture and related areas significantly) and system of Rice Intensification (which can reduce the water demand for rice cultivation by up to 50% and seed requirements by up to 90%, eliminate the chemicals required, and yet increase the yields by up to 50% or even more. If similar methods are tried for other crops, the total energy consumption in agriculture can come down significantly.)	
		The energy policy does not explicitly address agricultural techniques.

92.	The draft states that the current and projected demand for energy is unsustainable. The strategy should include strategies that will reduce the growing energy demand of DMCs, particularly in China and India, while taking into account high energy consumption of industrialized countries.	Energy efficiency will be promoted. It is included with renewable energy in the first pillar underlying the policy.
	Energy Security / Meeting Demand	
93.	The electricity needs of DMCs should be carefully reviewed to confirm the real needs, and the sustainable capacity of supplies of energy reserves in the region examined. The strategy could then determine the focus of support for the appropriate programs/projects.	The Country Partnership Strategy process will take into account the energy needs and supplies of each country and determine the appropriate programs/projects.
94.	Due emphasis should be given to the need for generation of huge power within the shortest possible time, be it hydro, nuclear, or something else. Can renewable energy meet the demand? We have to provide access to electricity services to a maximum proportion of the population for their social and economic upliftment.	Noted.
95.	The strategy should look at growth in demand (capacity or kilowatts) and carefully weigh this with the growth in the carbon footprint (kilowatt hours) that is a result, and whether this growth can be met with a much bigger percentage of renewables.	Noted. The energy policy promotes renewable energy development.
96.	Defining the “problem”: Reconsider defining the “problem” as provision of service (public/private) vs. increased generation.	As stated in new para 14, the energy policy addresses issues of energy efficiency and renewable energy; access to energy for all; and energy sector reforms, capacity building, and governance to help DMCs provide reliable, adequate, and affordable energy for inclusive growth in a socially, economically and environmentally sustainable way.
97.	The strategy has put forward very strongly to meet the demand for energy in a sustainable way. This means that the energy demand will form the goal that supply must be met even though the demand can have several scenarios. 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 sustainability in energy resource utilization, improvement of quality of life, preventing resource degradation and environmental quality deterioration, for example.	
98.	ADB has practically given up promoting sustainable development, having replaced it in its Draft Strategy with sustainably meeting the energy demand. These are two	

	different goals, sometimes mutually exclusive and dictating different approaches for their achievement.	
	Energy Sources	
99.	The draft's analysis of different sources of energy was not equal (e.g., coal was discussed but availability of water resources for hydropower was not; little on uranium and nuclear).	The availability of water resources for hydropower was discussed in new Appendix 1 para 68. ADB is maintaining non-involvement in financing nuclear power projects (new para. 15, section (vi); new Appendix 1 para 74).
100.	More focus should be given to the diversification of energy sources use.	Noted.
	Externalities	
101.	The strategy should recognize true costs and account for externalities. There is not one mention in the draft energy strategy about external costs. Cheap energy is an illusion when one simply looks at the price and not the costs to society. The true costs of coal, hydropower and other sources of energy are infinitely higher than the current "price" on the world market. Pollution and health risks must be quantified. Draft ignored the key recommendations of the OED report, along with the 1995 Policy and 2000 Energy Policy Review (which explicitly state that externality costs are implicit subsidies which should be in the balance sheet, and should be quantified when considering a project). There are methods to calculate the externality costs of a power project, such as ExternE of the European Commission.	We agree with the suggestion that, in principle, we should make our best efforts to estimate the environmental costs and benefits and incorporate them in the economic analysis. We note that some of the environmentally sensitive projects supported by ADB, e.g., Nam Theun 2 Hydroelectric Project, have indeed done so. However, we also note that there is no universally agreed upon methodology for quantifying the environmental costs and benefits for different modes of power generation facilities because the environmental consequences vary significantly from one project to another. Therefore, it would be difficult to ensure consistency in assessing
102.	The draft strategy seeks to keep a range of energy options and technologies with significant associated environmental and social risks eligible for ADB support, placing a greater emphasis on compliance with environmental and social due diligence on a case by case project basis for ensuring "environmental sustainability". <i>It is crucial to weigh the full economic, social and environmental costs and benefits of various energy technology choices, and conduct a comprehensive analysis of options available to meet the energy needs of member countries. Local environmental impacts</i>	

	and potential impacts on local communities, as well as the implications for global climate change must be emphasized in the strategy.	such costs and benefits across different types of energy sector projects.
103.	ADB should push for better cost accounting on fossil fuels in order to better compare the use of renewable energy	
	Fossil Fuels	
104.	ADB should not be funding oil production projects. The Strategy explains that the ADB Energy Policy “recommended that ADB should not fund [hydrocarbon] development projects as oil was an internationally-traded commodity with established private sector involvement.” Para. 43. However, the Strategy later states, “interest in oil continues to be a priority for many DMCs and ADB should continue to pursue active support for oil development and use” Para. 45.	New para 15 section (vi) and new para 38 state that ADB will not finance oil field development except for marginal and already proven oil fields.
105.	Exploration activity should be included in the strategy. It’s not the case everywhere that the private sector is participating in exploration (for example, Bangladesh). In some places, this needs support from ADB. (This was supported by one participant and not a general consensus).	ADB will not finance exploration activity as it has a high risk profile.
106.	Technical assistance is required, specifically for exploration of large hydro and coal resources.	
107.	We welcome ADB’s policy not to finance exploratory projects in the oil and gas sector as such initiatives can further contribute to global warming (para 84). The decentralized use of gas in CHP or co-generation is far more efficient economically as well as environmentally than the use of gas in large power plants. It also reduces power demand substantially. To promote this, investment in gas pipelines is needed on priority basis, which ADB can promote. That said, we still maintain our strong opposition to the continued support of ADB to fossil fuel-based projects.	Gas is considered more environmentally friendly than coal or oil. ADB will continue to support financing of gas-based power plants because of their environmental benefit.
108.	It may seem that gas-based power generation compared to oil and coal could be a preferred option in the long term due to its comparative benefits such as domestic availability and the comparatively minimal harm it can cause the environment. Hence, we believe that gas-based power generation is a more feasible alternative energy	

	source to oil, petrol and coal.	
109.	Gas is mentioned in the strategy as an option – agreed, but subject to availability and price of gas.	Noted.
110.	Opportunities for fuel-switching from coal to gas on existing power production sites may deliver significant local and global environmental benefits – again the Bank could place this on a preferred portfolio list.	Noted
	Governance: Extractive Industries	
111.	<p>The strategy should include governance requirements specific to energy sub-sectors such as oil, gas, and mining. Energy-related policies at the World Bank, IFC, EBRD, and IMF specify governance requirements that are particular to these sub-sectors.</p> <p>Particular to oil, gas and mining, the ADB Energy Strategy should include, inter alia:</p> <p>Explicit core and sectoral governance requirements that must be met before a project qualifies for ADB funding (i.e. sequencing);</p> <p>Under no circumstances should ADB support extractive industry (e.g., oil and gas) projects in areas involved in, or at high risk of, armed conflict;</p> <p>only support projects that benefit all affected local groups, including vulnerable ethnic minorities, women and the poorest;</p> <p>free prior and informed consent is ensured for indigenous peoples and local communities affected by oil, gas, and mining operations and before any resettlement takes place;</p> <p>Require baseline data on poverty and social indicators, which should be monitored throughout the lifetime of the project;</p> <p>Require poverty impact assessments;</p> <p>Require upstream social and environmental analyses for all policy advice/loans, technical assistance and analytic/advisory activities for countries where oil, gas, or mining development is likely or intended to occur as a result of ADB supported reforms;</p>	<p>Noted.</p> <p>ADB endorsed the Extractive Industry Transparency Initiative in 2008 and became a supporting organization to enhance revenue transparency in ADB-assisted energy extractive projects. See new para 46.</p> <p>These are project-specific issues not addressed by the energy policy. The energy policy discusses what future energy sector activities ADB may engage in, as well as those that ADB will explicitly not engage in. The energy policy guides ADB's future operations in the energy sector, and does not address any considerations at the project level.</p> <p>These issues will be addressed by other relevant ADB policies, e.g., safeguards, public communication policy, governance, etc.</p>

	<p>Adopt clear no go zones and not finance any energy operation that might affect existing World Heritage properties, current official protected areas, or critical natural habitat, or areas planned in the future to be designated;</p> <p>Require emergency response plans as a precondition of ADB funding;</p> <p>not support projects that undermine or are inconsistent with international human rights law;</p> <p>create a central Human Rights Unit to monitor, verify and conduct annual audits; and</p> <p>adopt all of the core labor standards as contractual obligations for project financing.</p> <p>(Note: these recommendations are taken from the World Bank Group’s global multi-stakeholder consultations – Extractive Industries Review)</p>	
	Governance: Transparency	
112.	<p>Though ADB has its own disclosure policy, this draft has not incorporated any aspect of disclosure of information.</p>	<p>The energy policy will be guided by other relevant documents such as ADB’s Public Communication Policy, Safeguards Policies, and others. All ADB projects must meet the requirements of relevant policies and strategies during project preparation and implementation. Therefore, specific issues such as disclosure of information will not be addressed directly in the energy policy.</p>

113.	<p>The strategy should emphasize promoting the capacity of DMC institutions to practice transparency. In particular, greater disclosure of “technical issues” is essential, even if these issues may be considered too “technical” for the general public to understand. For example, public access to detailed analyses of demand-supply scenarios and about the impacts of new energy pricing projects on public interests can allow people to understand the bases for choosing approaches to meeting energy needs.</p> <p><i>Greater disclosure around the basis for power purchase agreements or asset valuation is necessary.</i> The strategy notes that privatization efforts have been slow and difficult to complete in part due to conflicts of interest, and other such challenges. Greater public debate and scrutiny of such technical issues can make trade-offs between interests transparent, and help avert costly deadlocks.</p>	ADB’s Governance and Anti-Corruption Action Plan addresses capacity-building to practice transparency.
	Governance: Transparency of Revenues in Extractive Industries	
114.	<p>The strategy should include clear and specific requirements for revenue and contract transparency in extractive industry projects financed by ADB, including inter alia oil, gas, and coal upstream and downstream operations. Requirements should include:</p> <p>Public disclosure of all revenue payments (including royalties, taxes, commodity based payments, signing bonuses etc) made to governments and their agents by all extractive projects that receive the financial support of ADB, including those made via financial intermediaries;</p> <p>Public disclosure of all revenue payments received from the extractive industries by governments receiving loans or technical assistance from ADB;</p> <p>Public disclosure of key contractual agreements for all extractive projects funded by ADB; and</p> <p>Mandatory disclosure of the transparency-related requirements contained in loan agreements.</p> <p>An essential element of good governance is transparency of revenue flows from private energy companies to governments and of key contracts and agreements between companies and governments. Public disclosure of payments made to the government reduces the opportunity for wasteful and corrupt management of energy resources. Public disclosure of contracts signed between governments and private</p>	ADB endorsed the Extractive Industry Transparency Initiative in 2008 and became a supporting organization to enhance revenue transparency in ADB-assisted energy extractive projects. See new para 46.

	companies improves accountability and makes it more likely that the benefits of energy resource projects will be distributed more equitably. This transparency also reduces the scope for instability and violence.	
115.	The strategy should mention ADB's support of the Extractive Industries Transparency Initiative (EITI). In addition to the essential project requirements (above), the EITI is a useful step toward greater revenue transparency. ADB should encourage and assist member countries to commit to, and implement, EITI principles through providing technical and capacity building assistance to host-governments where ADB operates, and by promoting transparent revenue reporting, as well as increased financial and organizational transparency in these countries.	
116.	...ADB should only engage with companies that disclose their contract terms and payments to host-governments.	
	Human Rights	
117.	There is a lack of reference to human rights in the draft energy strategy. Human rights in power resources refer to the right of citizens to use energy resources of their own country. The strategy also does not mention Free Prior Informed Consent. Only with the consent of our countries citizens, as the real owners, such energy resources can be provided to other countries for worthy payment. Any attempts on the part of the development banks to change such position (for example, through privatization) shall be perceived by the peoples-owners of national resources as aggressive imposing the risky development scenarios.	Human rights is an important issue, but it is outside the scope of the energy policy.
	Human Resource Development	
118.	Human-ware approach in EE and RE has not been stated any place in the draft strategy. Role of ADB in human resource development and technology transfer should also be considered and given priority.	Capacity development is an important issue; it has been added under the third pillar. Please see new para 44.
119.	Human resource development and education sector, knowledge management and technology transfer in hydrocarbons among DMC and from developed countries should also be addressed to help maximizing utilization of the limited resources.	

120.	Technological assistance (skills training), especially in renewables.	
121.	Provide more support for education projects related to the energy sector.	
122.	Need for technical assistance in capacity building, not only for regulators but also for regulated entities (e.g., distribution utilities, generation companies, etc.). ADB technical assistance is needed to raise capacity of all players.	Agreed. Please see new para 44.
	Hydro Power	
123.	Para 56. Contradiction! The para implies storage reservoirs are bad and then continue to say pumped storage is economical. It is not possible to have a pumped storage without two reservoirs.	New Appendix 1 para 71 mentions two issues: (i) high-head run-of-river hydropower plants are the preferred option due to lower environmental impact, and (ii) to economically meet the high grid demand during peak periods, pumped storage is an option.
124.	The strategy says that pumped storage can be an option. These needs to be substantiated very clearly.	
125.	ADB seems cautious in itself financing large hydro, but ADB encourages private sector in financing large-hydro by ADB's involvement in building transmission lines, guarantee project risks, enabling national legislation favorable to private finance. However, once a project attracts private finance, ADB should have role in ensuring accountabilities of private sector.	Although ADB promotes private sector participation in large hydropower generation projects, the record over the past 15 years shows that private sector involvement is not as high as anticipated. In light of this, MDBs such as ADB and the World Bank have taken on a greater role than before. An enabling environment only changes the rules of the game for private sector participation; a policy framework should be developed to ensure accountabilities of the entire private sector.
126.	Mini- and small-hydro projects may not be eco-friendly at all, as some of them have been documented to have caused many negative environmental and social impacts. The draft Energy Strategy should stipulate that small hydro projects should be	Agreed. All projects financed by ADB must comply with the requirements of ADB Safeguard Policies. See new

	developed with appropriate due diligence, including an assessment of environmental and social costs and following the requirements of ADB Safeguard Policies.	para 15 section (v). This includes mini and small hydro.
127.	Support the construction of small and mid-sized hydro projects.	
128.	ADB should first address and fix existing hydro power plants and remove their inefficiencies before funding new hydro power projects. This should be made mandatory as it is a more cost effective and a viable solution.	Rehabilitation or improvement of existing power plants – not only hydro, and not only generation, but also transmission and distribution – will be undertaken.
129.	Would like to have large hydropower plants. ADB should: <ul style="list-style-type: none"> • Provide clear explanation of how to address social costs • Provide rehabilitation costs/efficiency improvement • Provide technical and financial assistance for countries with available hydro resources 	All projects financed by ADB, including large hydropower plants, must comply with the requirements of ADB Safeguard Policies. See new para 15 section (v) and para 32.
130.	Would like to see ADB undertaking feasibility studies on hydropower investments to reduce the risk for developers. If the private sector is to invest in hydro, the initial work to decide whether the project will proceed or not is high risk. If ADB takes on that risk, the subsequent development risk profile will go down such that other investors are likely to follow.	Noted
131.	ADB should think about multi-purpose projects, e.g. large hydro project for electricity, and also for irrigation, etc.	Noted
	Hydro Power: Define as Renewable?	
132.	All hydro projects, irrespective of size or type, should be considered renewable energy projects. Large hydro power projects should be supported by ADB, provided the environmental and social (including resettlement) issues are adequately addressed. This area of the world has potential for large hydro projects as well as large thermal projects, and countries in this region should benefit from their resources.	There is an ongoing debate regarding the status of hydropower as a renewable form of energy. It is beyond ADB's scope or capability to conclusively determine this. ADB will consider small hydro as renewable, and will selectively support large
133.	There is an apparent contradiction between what the strategy says regarding selective ADB support for large hydro projects and the need to meet the demand for energy.	

134.	<p>A sustainability perspective is the preferred approach to use when considering the suitability of future energy developments. We strongly recommend that your definition of renewable energy be changed to include all scales of hydropower, and that the consideration of hydropower projects should be based on clearly articulated sustainability principles. We recommend that the strategy's definition of renewable energies be abstracted from the 2004 Declaration of the Bonn International Conference on Renewable Energies (footnote, page one). This includes hydropower without reference to its scale.</p> <p>Hydropower scale is a continuum; small- and large hydro are not separate species. In the draft, large hydro is considered separately in the strategy, and there is even reference (para 54) that <i>there are opinions that large hydro is not to be considered as a renewable source of electricity</i>. In our view, international policy on hydropower has moved on significantly from such opinion.</p> <p>For the last four years, the international policy debate has focused on sustainability criteria rather than scale, as confirmed by the statement of UNEP Executive Director, Dr Klaus Töpfer, Dams and Development Forum, Geneva, September 2003: "UNEP is no longer concerned by the small or the large, but by the well planned and well managed".</p>	hydropower projects.
135.	<p>The draft Energy Strategy proposes that "ADB will also selectively support large hydropower plants requiring seasonal storage reservoirs with multipurpose benefits" (paragraph 77). While we endorse the optimization of services from freshwater reservoirs, we consider that all sustainably developed hydropower should be part of your renewable energy expansion strategy, and that hydropower can legitimately be the primary purpose of freshwater reservoirs whenever this is appropriate. This is especially relevant given that the flexible operation of storage hydro provides support for the intermittent nature of wind, ocean and solar energy. It can also provide the peaking capacity for geothermal base load generation. These same traits can also assist in the reduction of emissions through the steady-state operation of conventional fossil-fuelled power plants in a mixed energy system. This would be in addition to the better-known ancillary services of frequency control and voltage regulation within transmission systems, and the wide range of water management services than have a strong synergy with hydropower development.</p>	

136.	<p>Large dams are not sustainable, are not renewable, and contribute to climate change. ADB should stop funding large dams as they have significant environmental and social impacts. ADB should only provide financial support to small hydro projects.</p> <p>We highly question the claims in paragraph 54 (and also paragraph 37) that large hydro is renewable, clean, reliable and flexible. The claim of it being efficient is vague at best. It is not renewable since the reservoir silt up. It is not clean as reservoirs, at least in tropical countries, emit substantial amounts of methane, in many cases higher than those from combined cycle gas-based power projects. It is not reliable in the age of global warming when glaciers are melting and when monsoons are becoming more unpredictable. It is not flexible if you are talking about run of the river projects.</p> <p>Large hydropower and fossil fuel projects do not provide the poverty reduction, energy access and environmental benefits of decentralized renewable energy technologies.</p> <p>Genuine clean and renewable projects include solar, wind, geothermal, small hydropower and waste biomass. An accurate definition of renewables should not include large hydropower, monoculture crops or plantations that involve deforestation.</p>	
137.	<p>ADB should not support “large hydro” projects, even if they are considered renewable energy projects, due to their important negative environmental and social impacts.</p>	
138.	<p><i>Recommendation:</i> ADB should adopt the small-hydro criteria given in Appendix 3, and include the definition in the main text of the draft Energy Strategy. (“Small hydropower is commonly defined as below 10 MW— mini below 1 MW, micro below 100 kW, and pico below 1 kW.” – para 25)</p> <p>We commend ADB on its recognition that only small- and mini-hydropower projects should be classified as renewable, considering the significant social and environmental costs often associated with large hydropower projects (para 37). We agree that large hydro should be excluded from the renewable energy category for the following reasons:</p> <ul style="list-style-type: none"> • Including costly large hydro in renewables initiatives would likely crowd out funds for environmentally and socially sustainable renewable energy projects. • Large hydro projects have major negative social and ecological impacts and efforts to mitigate these impacts typically fail. • Large reservoirs can emit significant amounts of greenhouse gases, especially in 	<p>Please see new footnote 35 to new para 69 outlining the small hydro criteria.</p>

	<p>tropical regions.</p> <ul style="list-style-type: none"> • Large hydro reservoirs are often rendered non-renewable by sedimentation. In the main text of the draft Energy Strategy, however, a definition for small- and mini-hydro is not given. 	
139.	<p>Given the limits to the volume and reliability of power (electricity) that can be obtained from renewable energy sources, a reassessment of the Bank’s position on large hydropower may be justified. On a project specific basis, this could look closely at the balance of local environmental impacts – positive and negative – with the global benefits of carbon-free sources producing large scale energy.</p>	<p>Selective support for large hydro projects, as referenced in new para 32, means that if the government requests a large hydro project, ADB will conduct a feasibility study to analyze the implications (social, environmental, etc.). If the study shows that the benefits outweigh the costs, ADB will decide if it will engage in the project. If so, it will strictly follow safeguard policies.</p>
140.	<p>There were multiple views on hydro projects. Some [workshop breakout group] participants felt that we need to support hydro projects, while others felt that under current conditions, supporting hydro led to too many negative effects.</p>	
	<p>Hydro Power: Definitions & Benchmarks</p>	
141.	<p><i>Recommendation:</i> ADB should commit to implement the World Commission on Dams (WCD) recommendations in its Energy Strategy and to support only hydropower projects that are demonstrated to comply with WCD guidelines.</p> <p>Draft lacks definition of what constitutes large hydropower, when ADB will “selectively” engage in these projects, and when it will not. For the strategy to merely state that ADB will address social and environmental impacts is not enough. Experience monitoring a number of ADB-backed dams has shown that that ADB’s existing safeguards and operational guidelines are insufficient, its institutional incentives are skewed, and its environmental and social staff resources are inadequate to manage the risks of these projects. The global negotiated benchmark for hydropower development is the WCD, which presents a framework for managing social and environmental risks. If ADB is to support large hydropower projects and avoid the major mistakes of the past, the energy strategy should state that ADB will only support dam projects that are demonstrated to comply with WCD guidelines. ADB should work with its borrowers to use the WCD recommendations to determine project selection, guide project design, and govern project implementation.</p>	<p>ADB's current policies and guidelines respect the guidelines from the World Commission on Dams and International Hydropower Association. For more information, please see http://www.adb.org/NGOs/adb_responses.asp#summary</p>

142.	Some [workshop breakout group] participants supported continued financing of hydro projects, while others felt that support for hydro should be undertaken only with a clear statement of how social and environmental effects would be addressed, with particular reference to the World Commission on Dams guidelines. The group was not agreed on this point.	
143.	The Hydropower Sustainability Guidelines and the associated Sustainability Assessment Protocol incorporate widely accepted criteria to promote consideration of environmental, social, and economic aspects of sustainability in the planning, implementation, and operation of hydropower projects. These can be found at www.hydropower.org .	Noted. These Guidelines will be a good reference to promote consideration of environmental, social and economic aspects of sustainability in the planning, implementation and operation of hydropower projects.
	Hydro Power: Relation to Climate Change	
144.	The draft states in paragraph 55 that “large reservoirs produce significant amounts of GHG, like carbon dioxide and methane due to the submergence of vegetation and forest land.” Such a generalization is not supported by the scientific community. While there is still more research required in this area, the current position is that net carbon dioxide emissions from freshwater reservoirs are insignificant in relation to their impact on the natural carbon cycle. As for methane emissions, these require a substantial part of the water body to be in a persistent anoxic condition. Such circumstance has only been identified in a small number of reservoirs, despite extensive field monitoring. A research forum established by UNESCO is following this matter, and part of its objective is to identify a predictive model for the occurrence of anoxia in future reservoirs. ¹⁰	New Appendix 1 para 70 has been corrected to specify that “some large reservoirs produce significant amounts of GHG.”
145.	In para 55, citation is not UNEP 2001 Dams and Development; A new framework for Decision Making . Should read: “ <i>World Commission on Dams, November 2000</i> ” – however, the Commission carried out no such scientific studies; it simply compiled a review of basic research carried out in the later part of the 20 th Century.	Agreed. Citation has been corrected.
146.	The strategy should explain how GHG emissions from hydropower projects will be assessed and how the results will be incorporated into ADB’s project appraisal for new	The energy policy does not address

	hydropower projects.	the specific project level issues.
	Hydro Power: Specific Projects	
147.	<p>ADB's ongoing Uttaranchal Power project (including four small hydropower projects, which are also submitted for CDM credits) in India and the planned funding of the three Kotli Bhel large hydropower projects in Uttaranchal have already seen violations in terms of non consultation of affected people, not conducting comprehensive EIA for the individual projects, flawed information in the EIA and project design documents, incomplete survey work for the EIAs, flawed public hearings, attempts not to take responsibility for the full projects, by attempting to fund only the transmission component, no comprehensive options assessment, no basin wide cumulative impact assessment, among others.</p> <p>Under the circumstances, ADB's intentions of funding large hydro (Para 77) is unacceptable.</p>	<p>The energy policy does not address the specific project level issues. Safeguard issues will be discussed under ADB's existing safeguard policies. ADB will continually monitor progress of the projects.</p>
148.	<p>The ADB draft Energy Strategy acknowledges the numerous serious environmental and social risks associated with hydropower development (i.e. para 55). However, based on past experience, the draft Strategy is wrong to assume that ADB Safeguards Policies and related mitigation strategies are sufficient to address these impacts. ADB-supported large hydropower projects have created rather than reduced poverty for affected communities. In Laos, for example, the Theun-Hinboun, Nam Leuk and Nam Song hydropower projects have left a legacy of destroyed livelihoods and damaged ecosystems. At least 40,000 people in Laos are still suffering from reduced fish catches, increased flooding, drinking water shortages and greater food insecurity as a result of these ADB-funded dam projects.</p> <p>Furthermore, the Nam Theun 2 hydropower project, which will negatively affect more than 120,000 people, is already struggling to fulfill its commitments regarding environmental protection and livelihood restoration. Whilst construction is proceeding apace, environmental and social programs are behind schedule and livelihood restoration programs are in jeopardy in all project-affected areas. Despite heavy monitoring on the part of ADB and World Bank to ensure safeguard compliance, both the Government of Laos and the Nam Theun 2 Power Company are backtracking on commitments they made at project approval.¹¹</p>	

	Investment	
149.	Strategy must address the need for longer term commitment to any investment in the developing countries. Potential viable projects often collapse when the foreign support (Financial and technical) is withdrawn at the end of a project. Longer term funding (Life of project or until capacity is achieved) may be necessary in some cases to insure a positive growth outcome for the developing countries.	To address this concern, ADB introduced the multi-tranche financing facility in 2005.
150.	Financing/Investments: Strategy should address use of micro-finance in the area of small & medium scale projects in the power sector.	The energy policy discusses what future energy sector activities ADB may engage in, as well as those that ADB will explicitly not engage in. It does not discuss the investment modalities, or how the projects will be financed. Microfinance is one option for financing projects. This choice will be made in preparing specific projects.
151.	Micro financing for renewable energy at local level is not specifically mentioned.	
	Linkages with Other Sectors	
152.	This [strategy] paradigm should be based on an analysis of holistic impacts of competing investments and policy options, as well as a clear understanding of the fact that the power sector problems in many Asian countries (like India) and regions (Central and Mekong) cannot be addressed without addressing the agriculture-ground, water-electricity nexus. Consider the use of irrigation and the energy that it requires, and alternative agricultural practices that are less energy intensive.	To ensure harmonization with other ADB sectoral and thematic policies, the energy policy was developed with input from ADB sectoral and thematic experts through a comprehensive inter-departmental review. Further, cross-sectoral linkages will take place at the operational level in project design and implementation.
153.	How does the strategy interlink with policies in other sectors? For example, energy sector vis-à-vis transport, water, agriculture, forestry, technology. Need to include general policies on these sectors (cross-sectoral approach) in order to provide a more comprehensive picture. Some energy problems can be solved by implementing the right related sector policies (i.e., trans-portion, agricultural (for alternative bio-energy supply) urban land use).	

	National Legislation, Policy, and Strategies	
154.	Restructuring of the energy sector can be done at different levels, and legislation is one level. ADB can help in undertaking work on harmonization of legislation among member countries for compatibility	Noted. ADB currently supports technical assistance activities in this area, and will continue to do so.
155.	TA for policy development: Draft lacks discussion of assistance to DMCs in developing their own energy policies.	
156.	ADB should support the development of national energy strategies, which should take into account the experience of other countries.	
157.	While each country should be responsible for developing its own national energy strategy, ADB should help in the development of such strategies.	
	Nuclear Power	
158.	There was consensus among the [workshop breakout] group that there was no interest in nuclear energy development.	ADB recognizes the need for nuclear power development from the viewpoint of climate change. We have noted the risk of nuclear power development projects, such as procurement, nuclear waste, and proliferation issues. Therefore, ADB has decided to continue its non-involvement in the financing of nuclear power generation. See new para 15, section (vi) and new Appendix 1 para 74.
159.	We commend ADB's explicit reiteration of its policy of non-involvement in nuclear power generation (Paragraph 61). The nuclear section in the draft is noteworthy, despite its less than rigorous assessment. On page 26, the "Nuclear Power Plants" section should reference the IPCC AR4 comments on how little the share of nuclear will be in the foreseeable future because of the inherent problems that have to do with proliferation, radioactive waste, and other problems.	
160.	In the final version of the Strategy ADB should clarify that it does not plan to be involved in <i>any</i> aspect of nuclear energy, including research, transmission, technical assistance, etc.	
161.	The [workshop breakout] group does not have a unanimous view on nuclear. Some countries could benefit from ADB support, but ADB should pursue this when geopolitical things are clear.	
162.	Strategy should focus more on R&D in nuclear technology. The use of nuclear energy	

	for peaceful purposes could greatly contribute to the reduction of the environmental impact of energy production and consumption. There is a long lead time associated with nuclear power development. Even if it considered now, it may not be a reality in 5-6 years. Technology development could benefit smaller countries. ADB should at least study it.	
163.	We believe nuclear power can provide significant mitigation for global warming. ADB should adopt nuclear power as an allowance under its Carbon Market Initiative (CMI) for nuclear plants, on a case-by-case basis, that are planned or constructed outside of plants already planned.	
164.	We disagree with the IEA assessment (page 20) that nuclear will decline from 16% to 10% by 2030. All indicators point to an increase in nuclear capacity. Tsinghua University estimated that China will need as many as 300 additional nuclear power plants in the next two decades. The United States is experiencing a nuclear renaissance and will build many more nuclear power plants by 2030.	
165.	Concerning nuclear waste (para 59), we believe Asian countries can adopt the Yucca Mountain example as a practical solution to the disposal problem. Moreover, reprocessing of nuclear waste will be a dynamic recycling program that will provide fuel for thousands of years.	
166.	The cleaner technology concept should be clarified (since it could include nuclear energy). Most [workshop breakout] group members felt that “cleaner technology” should explicitly not refer to nuclear or any technology that can cause environmental damage. One person supported nuclear as an option for “clean.”	
167.	[In the subregional workshop breakout group, there were] diverging views on nuclear power. Some countries could benefit from ADB support in this area; ADB should pursue this when geopolitical situation is clear.	
	OED Report	
168.	The ADB’s draft Energy Strategy should implement the main recommendations of the OED review of the 2000 Energy Policy to: <ul style="list-style-type: none"> • Make improving energy efficiency the single highest priority in the new energy 	OED (Operations Evaluation Department) has been changed to IED (Independent Evaluation

	<p>strategy. Clearly state that opportunities for improving energy efficiency should be exhausted before investments in new capacity are considered.</p> <ul style="list-style-type: none"> • Incorporate environmental and social costs into its economic analyses for energy projects. • Undertake upstream strategic, sectoral environmental and social assessments in countries where ADB plays a significant role in the energy sector. 	<p>Department) as of January 2009.</p> <p>IED recommendations have been incorporated into the energy policy. Regarding environmental and social costs, please see response to comment #101.</p>
169.	<p>The absence of specific targets and clear actions contradicts the Strategy's key references of provisions in the 1995 policy and 2000 review pertaining to Energy Efficiency, Renewable Energy, and low carbon projects. It also does not explain what ADB has done with the key 2000 review recommendations particularly on external costs, required scale-up support for Renewable Energy options, integrated resource planning and real-cost accounting and removal of subsidies.</p>	<p>Environmental and social assessments will be undertaken as needed in the preparation of projects.</p>
170.	<p>A high priority could usefully be given to the rehabilitation and refurbishment of existing energy assets, including hydropower and fossil fuel energy production. These can have considerable benefits in terms of additional energy production and improved efficiency often showing better value for money than new-build projects.</p>	<p>New para 33 says that assistance will also be extended to retrofit existing power plants that need to improve efficiency.</p>
	<p>Participation</p>	
171.	<p>Strategy should address how the public should participate in the decision-making process in ADB-financed energy projects, not only during planning and construction, but also in the operational stages.</p>	<p>All ADB projects, including energy projects, are required to follow ADB's consultation and participation requirements.</p>
172.	<p>Public consultation is not discussed in the draft. Public consultation at project inception with project affected persons should be made mandatory. Where the affected persons, human rights, and environment issues are not added in the project, ADB should have criteria and guidelines.</p>	<p>ADB has about 50 policies and strategies. The energy policy does not specifically address consultation with project affected people; it will be guided by other relevant documents such as the Public Communication Policy. All ADB projects must meet the requirements of relevant ADB</p>

		polices and strategies during project preparation and implementation.
	Planning	
173.	<p><i>Recommendation:</i> ADB should outline a definition of Integrated Resources Planning that meets international best practice and that clearly requires transparency and public participation as part of the IRP process.</p> <p><i>Recommendation:</i> Work with borrowers to conduct comprehensive energy options assessments – in line with the recommendations of the WCD - that incorporate the results of strategic environmental and social assessments, cumulative impact assessments and IRP processes.</p> <p><i>Recommendation:</i> In its regulatory and policy work with member countries, when it is determined necessary to develop new energy supply, ADB should work to promote a level-playing field between large-scale centralized energy infrastructure investments and decentralized renewable energy options.</p>	A footnote has been added to new para 31 defining integrated resource planning.
174.	Draft needs to take a larger scale look at the region in terms of an integrated resource plan for DMCs in total or by regional subgroups. It would be beneficial to have energy use and projected sector usage specifically related to member countries and not just global data to give better context for planning.	An integrated resource plan is equally important for utilities at a national and subregional level.
175.	Need for regional planning across a number of countries; technical assistance on capacity building on energy planning. Planning and load forecasting is critical, but not too many governments are strong in that area.	Noted.
	Policy	
176.	SHORTCUT? As explained by the Regional Sustainable Development Department's (RSDD) director for transport, energy, and water division, the option to craft a strategy rather than a new policy constitutes a shortcut by ADB to put in place a strategy that would appear to reflect new conditions in the region. As explained a number of times to various civil society organizations, only ADB management will approve the document. It will not be scrutinized by the ADB Board, which will only be furnished a	Thank you for your concern regarding the ADB's Long Term Strategic Framework, or Strategy 2020, review. We actively participated in the process, and have ensured harmonization between Strategy 2020

	<p>copy of the finished product, because getting board approval "would be too tedious and time consuming and complicated."¹² For such a supposedly important document, the reasons given make it appear that reasons of expediency was given greater weight than the requirements of intellectual rigor. The resulting draft somehow reflects such a process. This may actually even make the RSDD's work more complicated, since ADB has begun the formation of the ADB's Long Term Strategic Framework, which would presumably involve energy. What if the outcome of the LTSF clashes with the energy strategy approved by bank management? Which will have greater influence and weight? Will the RSDD re-craft again its strategy if there are substantive differences between its energy strategy and the LTSF? Or will the LTSF be made to fit the so far flawed strategic energy roadmap put together by the RSDD? As the draft energy paper recognizes, vast changes in the region and in the energy sector have taken place over the last twelve years, when the ADB's standing energy policy (1995) was approved. The need to bridge this gap and ensure ADB's relevance given new realities in the region cannot be addressed timidly or with token efforts, which is unfortunately what the RSDD's attitude so far conveys.</p>	<p>and the energy policy. The new Energy Policy is congruent with Strategy 2020.</p>
<p>177.</p>	<p>We request that ADB clarify the relationship of the proposed Energy Strategy with the Energy Policy (1995). Currently, there is some confusion about this.</p> <p>We understand that this is the first time that ADB is releasing a strategy paper, in lieu of a policy paper, to guide its energy sector operations and focus. That this is a direct result of ADB's decision in 2006 to establish "strategies" for all its sectors.¹³ That this precedent-setting Energy Strategy paper is in fact based from a review of the 1995 Energy Policy, which will still go through the Board of Directors.¹⁴</p> <p>However, the Draft Strategy fails to provide any rationale or explanation about this key development in the introductory part. There is no tacit mention about its implications to the existing Energy Policy. Likewise, the Draft Strategy has failed to clarify whether this new strategy paper will supersede the existing policy or how will the two documents be related.</p> <p>Moreover, the Draft Strategy being a strategy paper creates serious concern among CSOs because the document does not clearly state whether it is binding or not. Would this mean that since it is a strategy paper, implementation of contentious provision (e.g. reduction of carbon emissions, adoption of clean technology, and implementation of ADB safeguards, among others) are no longer subjected to the Accountability</p>	<p>The 2009 Energy Policy was initially developed as an energy strategy. However, it was upgraded to a policy due to the global importance of climate change and the urgent need for clean energy in Asia. The reclassification is the result of discussions between staff, Management, and Board Members. This was done to make clear to the Board, and seek its approval on, what will and what will not be done by ADB in the energy sector, in addition to setting out the deliberative approaches to be used to implement the policy to achieve results.</p> <p>The new policy replaces the 1995 energy policy and the 2000 energy</p>

	Mechanism?	policy review.
	Priorities	
178.	The strategy covers a variety of issues and activities, but there is no prioritization.	There is no relative priority for each pillar because ADB's activities depend on the needs and interests of developing member countries, which decide on their own projects in consultation with ADB. Priorities will be reflected in the Country Program and Strategy. The energy policy needs a certain level of flexibility to be relevant to different levels of all developing member countries.
179.	Strategy needs an explanation of how the strategic pillars identified will be used to make decisions about funding. How is funding ranked for a coal project, vs. a renewable energy or efficiency project? What are ADB's goals in supporting each of these, and what type of "premium" is put onto "clean" projects vs. those with large carbon and pollution footprints?	
180.	ADB needs to maintain flexibility at this stage because of the changing landscape, so it makes sense that the energy strategy is flexible.	
	Regional & Bilateral Cooperation	
181.	The regional cooperation focus should be increased as a major goal in the strategy, without ignoring the importance of national interests or the existing mechanisms of efficient direct bilateral cooperation among countries (e.g., GMS, SASEC).	Regional cooperation, as discussed in the energy policy, includes bilateral cooperation.
182.	The example given re natural gas export from Bangladesh to India is not the right example.	Agreed. This has been deleted.
183.	On "Regional Cooperation" (Para 86), there is no mention at all of alternative potential cross border RE solutions (i.e., geothermal corridor, wind grid)	Please see new paras 29 and 30 regarding renewable energy power trade.
184.	<i>Recommendation:</i> Where national governments hold insufficient capacity to address the social, environmental and economic challenges of developing regional power grids fueled by hydropower, ADB should not promote regional energy integration as a development option.	There are two aspects of regional cooperation – policy framework (harmonization, etc.) and physical projects. ADB prepares a regional master plan for energy development,

	<p><i>Recommendation:</i> Regional integration should not be promoted until it has proven to be the best solution through a Comprehensive Options Assessment process as outlined in the recommendations of the World Commission on Dams.</p> <p>Whilst ADB portrays the GMS Mekong Power Grid plan as a model project to be emulated by other regions, in actual fact it has moved forward under an extremely poor development process. ADB's justification for the Mekong Power Grid plan is based on narrow economic criteria. Even according to this analysis, the Mekong power grid would deliver only marginal benefits while carrying considerable risk.¹³</p> <p>Furthermore, regional integration of the energy sector has been promoted by ADB in the absence of strong environmental and social safeguards throughout the region that would be required to mitigate transboundary, environmental, and social risks. Finally, the plan does not take into account cumulative social and environmental impacts, and was prepared almost entirely without the participation of civil society stakeholders. Ignoring best practices in power planning, ADB has set about promoting a large power grid that depends on the viability of projects whose social and environmental costs have not yet been assessed.</p>	<p>taking into account each country's resources and demand, and identifying any areas for cooperation to benefit both the countries involved and the region as a whole. In identifying the projects, cost/benefit analysis is undertaken to quantify, to the maximum extent possible, the cost and benefits, including environmental costs, social costs, etc. ADB then discusses with concerned governments, and jointly decides what kind of project will be priority.</p>
185.	<p>The Bank enjoys a special relationship with governments in the region. There is a need for long term energy planning at national and regional levels, taking account of investment needs, energy security and environmental factors, especially possible climate impacts and international obligations on GHG emissions. While at present, developing countries are excluded from GHG emission constraints, the international pressure to take on emission reduction obligations will likely increase in the next few years. Countries will be better placed to contribute to the dialogue and take meaningful action themselves if future trends and opportunities are better understood. These will extend beyond meeting energy demand to managing demand growth. There will be links to all aspects of national economies, including urban planning, transport, industrialisation, buildings, equipment standards as well as energy production and supply. Better regional cooperation offers the prospect of making better use of regional resources. The question for ADB is, "Can ADB take a leadership role in these important issues to shape new energy policies and strategies to meet current and anticipated challenges?"</p>	
186.	<p>ADB should establish a regional association or steering committee comprised of government representatives of the concerned countries to evaluate the natural resources available in each of the countries and discuss how to use them the most</p>	

	efficiently.	
187.	Technical assistance is required, specifically for addressing cross border issues and interconnection within countries in the region	
188.	ADB should facilitate regional energy trade market.	
	Regional & Bilateral Cooperation: Specific Countries / Subregions	
189.	<p>ADB has a key role to play in promoting regional cooperation. It is needed in the Central Asia region.</p> <p>The strategy did not consider some specific countries, e.g., Caucasus. There are important projects in the Caucasus region that can be mentioned in the paper as examples of the role of the regional cooperation to achieve the goals of ADB.</p> <p>The strategy should include greater focus or mention of countries such as Georgia, Armenia, and Azerbaijan.</p>	<p>Caucasus members are new members of ADB. Regional cooperation will take time. During the Country Partnership Strategy process, these concerns will be incorporated.</p> <p>The energy policy mentions the role of Central Asian or Caucasus countries in energy trade as an example.</p>
190.	<p>The Draft Strategy ABSOLUTELY does not take into consideration the fact of the necessary sustainable development of the Central Asian and Caucasus countries. The draft presents the role of Central Asian and Caucasus countries as supplying or providing transit for energy, fossil fuels, and water demanded by fast-growing economies in other parts of Asia. These countries should not particularly rely on our countries' resources, as our populations' energy supply priorities (taking into consideration exports) shall be the foremost and absolute priorities, and other approaches shall meet with severe opposition. This role contradicts both the national interests of the Central Asian countries, and their voluntarily and consciously taken role of custodians of clean water strategic reserves.</p> <p>We do not accept ADB's policy in the regional cooperation sphere. Why has the diversification principle for energy resource delivery routes, which has lately become the European and Eurasian countries' credo, been hastily forgotten?</p> <p>... we demand that ADB fully revise the regional cooperation priorities in the energy sector in favor of equal and fair "division of labor", while respecting national legislation standards of countries in that field...</p>	

191.	In para 53, the list of the countries should include Kyrgyzstan and Tajikistan.	Agreed. These countries have been included in new Appendix 1 para 68.
192.	The draft should say more about facilitation of regional cooperation. The draft mentions the Mekong region and Central Asia, but there are areas of cooperation in energy for Mongolia and PRC in hydro, wind and solar.	The energy policy mentions the Mekong region and Central Asia as examples of regional cooperation; it is not ignoring other countries or subregions or blocking any participation in ADB activities.
	Renewable Energy	
193.	Renewables in urban areas are different from renewables in rural areas. Reliability of access is a key issue in these areas. This must be properly studied before you go into stand-alone investments on RE, as you may not provide quality service and you may need to reinvest later to improve the quality.	The energy policy promotes renewable energy development in rural and off-grid option and demonstrated projects.
194.	Strategy should promote demonstration projects for RE (to document best practices).	
195.	When supporting renewables, there has to be an integrated policy on grid and off-grid to minimize waste.	
196.	Strategy should focus more on R&D in cleaner energy technology and renewable energy technology.	ADB will be an advocate for and assist DMCs in technology transfer in energy efficiency, renewable energy, and cleaner technologies through demonstration projects for deployment. ADB is not engaged directly in research and development because ADB is a development institution, not an R&D institution.
197.	The strategy should include greater focus on the use of renewable energy to meet the growing energy demand. RE should be considered priority, and ADB should provide support to promote RE.	Yes, renewable energy is important. To reflect this, one of the three pillars that underpins the energy policy is

198.	ADB should strengthen financial support to the countries that are using clean energy sources.	renewable energy. New para 23 specifies that ADB will seek out renewable energy projects for financing. It further states that to increase the use of clean energy in DMCs, ADB will facilitate wider deployment of clean energy technologies by raising awareness, promoting policy and regulatory incentives to encourage their use, and promoting financing packages that share risks and lower costs.
199.	Para 73 says that renewables can increase between 10-20 percent of the current total electricity supply. This is a rather conservative estimate. The draft gives too little attention to Renewable Energy. Maybe this is because of some bad experience with projects like the wind energy project in China. Renewable energy will play a huge role in the development of Asian countries in electricity generation and transport fuel. The strategy should give a much bigger role to renewables, including having clearly defined targets for funding RE projects.	
200.	Strategy does not give enough focus on renewable energies, which offer not only a clean option for power, but an opportunity for innovation and new employment within each economy. Lending in the public sector from 2001-2005 was \$3.2bn, with less than 5% in renewables. This number should be increased to 15% at least. If this is the goal, then various players (governments and industries) within this sector will know that “renewables” are for real, and that they can count on support for their projects, even at a non-monetary level.	
201.	If ADB expects to use carbon credits initiative to bring energy efficiency and renewables, why does ADB not increase its fund allocation for renewables? It is disturbing that instead of investing in R&D to increase reliability and improve availability and capacity of storage facilities of renewable energy technology, ADB is using these shortcomings as an excuse to continue its investment in coal and oil. ADB’s continuous support for oil and coal power is in total contrast to one of the strategy’s three pillars, which is meeting energy demand in a sustainable way.	Please see response to comment #196 re ADB’s role in R&D. Regarding support for oil and coal power, the energy strategy is meant to cover all 44 ADB developing member countries, each with different needs, resources, and contexts. Some countries have large reserves of coal; others (e.g., Pacific Islands) are dependent on oil for their energy security.
202.	In order to meet the dual objectives of i) promoting energy services for poor households and communities and ii) mitigating climate change, the Bank will need to set clear operational guidelines. Specifically, these may include investments that improve energy efficiency, reduce energy wastage, expand service access, reduce GHG emissions and promote renewable energy. They may exclude funding for	Noted. Please see new para 33, which states that ADB will encourage DMCs to adopt available cleaner technologies.

	standard design (sub-critical) coal fired power plants, for instance.	
203.	<p>The Strategy does not offer a specific policy framework to promote renewables. ADB needs to be much more innovative and committed in its approach to RE development. The Strategy should lay out a specific plan of action and targets for funding and output of renewable energy. ADB could encourage RE by initiating subsidy funds or providing investment funds at lowest or non interest for RE production to make projects commercially feasible and helping preparation and coordination for CERs (especially for local municipalities and some private sectors).</p> <p>If the ADB's Energy Strategy is to be considered a "strategy," it should outline where RE opportunities exist in specific countries in Asia and how ADB will assist countries to realize such opportunities.</p>	<p>ADB committed to expand its operations in clean energy to at least \$1 billion annually by 2008. ADB provided \$1.7 billion for clean energy investments in 2008, far exceeding the target of \$1 billion. It will now aim to increase the target to \$2 billion per year from 2013.</p> <p>The specific country-level strategies in the energy sector will be addressed during preparation of each developing member country's Country Partnership Strategy (CPS), reflecting the country context, including each country's resources and opportunities.</p>
204.	The strategy should include discussion of waste to energy. 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. 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.	For purposes of the energy policy, waste to energy and wave energy (classified as ocean sources) are both considered renewable energy sources (please see new para 46 in new Appendix 1) and the guiding principles of renewable energy apply to them.
205.	Strategy should address wave energy as a renewable resource. ADB's DMCs, especially the Pacific, have significant wave resources. Wave energy has 1,000 times more power potential per square meter of water, than does wind energy for the same square meter, due to the density of water vs. air. Chevron has just announced an investment into wave energy in California, which shows that the mainstream energy companies now see this as a viable option. ADB should be at the forefront of this technology. Wave energy can be used to efficiently make not only electricity, but also	

	desalinized water (without electricity and a carbon footprint), and hydrogen.	
206.	Hydrogen should not be considered a renewable source of energy, as it is in para 37. Hydrogen is an energy carrier and is therefore not a renewable energy source. However, it should be considered as a clean technology when its derivation is from a renewable source, and IHA actively supports further development of hydrogen technologies through electrolysis powered by hydro and other renewable sources. Hydropower scale is a continuum; small- and large hydro are not separate species.	Agreed. New para 46 in new Appendix 1 has been updated to omit hydrogen.
207.	Lacks emphasis of private sector role in providing renewable energy technology.	Noted. Private sector has an important role in renewable energy development. See new para 25 regarding creation of an enabling policy framework to promote private sector involvement.
208.	<p>ADB support to foster public-private partnerships: ADB may wish to test new renewable-energy-specific models of development. One such model is proposed below:</p> <ol style="list-style-type: none"> 1. Private-sector developers are repeatedly expected to demonstrate the need for a project, even though this work is outside of the sector's domain. ADB could provide public funding for strategic (renewable) energy re-assessments at market- and regional levels to determine energy needs and to assess the options to meet these needs. For hydropower options, this should be integrated with regional- and basin water management strategies. 2. Where a potential renewable energy option is available in a region, ADB could fund the project assessment and optimization under public-sector management, so that risks, impacts and mitigation measures are clearly defined. This would enable the private sector to compete for the project implementation phase within bankable risk profiles. Consideration could even be given to the recuperation of the initial public-sector funding once the project is operational. A suitable tool for this repayment could be through a revenue stream derived from carbon credit. 	New para 41 notes that public sector participation, and public-private partnerships in particular, will be encouraged.
209.	ADB assistance in targeting initial investments would decrease investment risk.	

210.	Promotion of transparent rate structures by members is especially important in developing the renewable energy sector so that businesses that want to develop renewable resources have a clear understanding of the return they would have on their investments.	
	Renewable Energy: Addressing Limitations of Renewable Energy	
211.	Large up-front costs of renewable electricity systems are one of the barriers to greater market penetration, but there are policies that can address such hurdles. One instrument involves feed-in tariffs that give producers of electricity the right to feed renewable electricity into the public grid; they receive a premium tariff per generated kilowatt hour that reflects the benefits of renewable electricity compared to power produced from fossil sources, and receive the premium tariff over a fixed period of time.	ADB will continuously look for innovative financial mechanisms or subsidies to enable more renewable energy development. It is imperative to find bankable ways to promote renewable energy. One critical limitation to renewable energy development is cost.
212.	Renewable energy technologies have a high cost. Given that, sustainability is an issue. Who should bear this cost? How does one distribute the cost equally? How do we encourage and enable farmers to use renewable energy in a sustainable way? More research is needed on this.	
213.	The emphasis on energy efficiency and renewable energy is understandable. However, given the experience in these areas where most of ADB's interventions had either to be cancelled or scaled down, it is doubtful whether ADB can play a meaningful role because of the transaction costs.	
214.	ADB should focus more on renewable energy. However, the cost of investment on renewables is very high, say twice the price of coal-based power generation. If we want renewable energy and clean energy, can ADB provide concessional loans?	
215.	Though ADB speaks about renewable energy resources, the Strategy does not reflect the ways to develop that sub-sector, and as a result, ADB is coming to a conclusion that the main problem hindering the RE development is its high cost. This shows ADB's adherence to simple and quick solutions, and quickly meeting the growing energy demand. ADB is ignoring the opportunities of the Asian and Pacific region countries to transfer to renewable energy technologies, and it is in that field where a	

	breakthrough in the sustainable energy consumption strategy declared by ADB is possible.	
216.	...the sections on RE policies appear biased, implying that RE-friendly policies can work only in some European countries by mentioning only Germany, Denmark and Spain without any discussion of India's policy initiatives or the renewable portfolio standard arena of Texas responsible for the rapid development of RE in the state (P. 57, paragraph 38) and how policy variations can be applied in other DMCs.	
	Renewable Energy: Decentralized Energy	
217.	Para 40. Technical challenges for integration of RE in the 10-20% range have already been tackled in some countries (e.g. Denmark, Germany). Higher penetration of RE (over 30%) can be achieved according to the context of the country. For example, the grid in Schleswig-Holstein has 60% wind; the local grid in Woking (UK) has 99.85% decentralized energy (of which 40% is RE). ¹⁴ More decentralized energy solutions should be promoted. ADB should reference the grid experts responsible for demand since they know how to integrate a stable multi-output system. ¹⁵	Decentralized energy supply systems have made progress in Europe. Although this approach must be pursued, the existing systems in DMCs are integrated systems. The decentralized concept must be introduced in a phased way.
218.	There is an important focus on the global energy market (energy trade) in the strategy. However, local needs are not being addressed. There is a need to focus more on local, decentralized, off-grid solutions, awareness building, documentation of successes, education and training at the local level; more small scale renewable projects; energy efficiency at the household level; local-level capacity building.	Importance of distributed energy system is added in new para 48 in new Appendix 1, i.e., the distributed energy system would also be a viable alternative for rural areas in some countries.
219.	Focus more on decentralized forms of energy at the local level, and more on local participation.	
220.	Rather than giving a back-seat to poverty alleviation, ADB should re-think its paradigm. For example, the decentralized renewables should be high on agenda as it substantially helps poor meet basic services. This would shift focus away from grid-connected renewable to the off-grid renewable options.	
221.	The strategy is wrong in saying a grid can accept only up to 20% in RE (para 40). This assumption is a bit of a self-fulfilling prophecy if a grid has been bulked full with large coal and nuclear base load. This assumption is based on base load/peak load	

	<p>paradigms, which is attached to the old way of thinking linked to big centralized electricity generation structures (e.g., large dams, coal fired thermal power plants and nuclear power plants). Planners have become used to having extremely large generation units on centralized points in the grid and then planning around the power stations - all transport losses are taken as laws of nature.</p> <p>In decentralized energy (DE) input management, one does not think in base load and peak load, but rather in input and output-modeling, with computer programs and installations taking into account several input factors (e.g., weather patterns, heat-requirement patterns, the spread of capacity within the grid, etc.)</p> <p>A large amount of spread sources delivers an inherent stability, because "the wind always blows somewhere." If you integrate RE into the grid, it should be done in a decentralized way. It is true is that a certain storage capacity helps for difficult periods, but that is as true for the current centralized "base-load / peak-load" philosophy, as it is for a more decentralized approach.</p> <p>We have calculated the provision of electricity around the clock for Spain by 2050 on a 100% renewables basis. It is practical; it can be done.¹⁶</p> <p>We believe that especially in fast developing nations (e.g., Thailand, the Philippines, Indonesia, China, India), decentralized energy (DE) and EE and RE approaches could work unexpected rapid changes, because in many cases the grid is not that far developed as in, say, Germany. Starting out more decentralized is, however, a big challenge for countries with centralized government structures, who prefer to be able to say: we lack 3000-MW, so let's build one nuclear and one coal block and the problem is solved. Or so they think. What does the total silence of ADB on this discussion say about the strategy that it is putting together for the future of the region?</p>	
222.	Discrete Distributed Power Generation: Depending on the availability and price of natural gas, micro turbines will be one of the possible ways to complement the huge unmet demand of grid electricity in developing countries. The energy strategy should discuss this.	Noted.
223.	In many cases, it will be renewable energy that is the only option for many remote locations, as grid systems and long length cabling is not an option.	Noted.

	Renewable Energy: Enabling Environment	
224.	<p>In many cases, funds will not need to be provided, but a credible rule of law, transparent policies, and guaranteed minimum buy-back rates for renewable power will need to be established (this should be pushed in all of ADB countries). These policies need not cost ADB anything, but ADB’s influence can help make these uncertainties become “certain” and predictable in the eyes of the new renewable projects which can come on stream. Most nations in ADB’s territory already have goals of using up to 20% renewable energy by 2020, so ADB should also support these objectives by taking a leading role to increase its lending to the renewable sector to 15 or 20%.</p> <p>... The strategy mentions that barriers to renewables are not technical, but are “regulatory, institutional and market related.” This means that ADB can improve the playing field of renewables by simply promoting better laws and policies on the national levels. ADB needs to help promote national tax incentives and tariffs that cause innovations and efficiencies for cleaner energy, since it is hard for ADB to actually monitor and enforce each actual implementation.</p> <p>If clean coal technologies cannot be mandated as part of the lending/funding process (though they should be as much as possible), then other environmental policies should be pushed for when coal powered expansion is being discussed. This can include mandated energy efficiency labeling laws for appliances and demand side incentives for building efficiency.</p>	<p>Creating an enabling environment is one of ADB’s main purposes.</p>
225.	<p><i>Finance renewables.</i> We are concerned by language and assumptions in the Draft Strategy that suggest that ADB does not see itself as a leader in the fight against climate change nor intend to step up to fill that role. The Strategy cites current demand trends of different fuels, and refers to these current trends to project future demand and energy use, implying that ADB will do nothing to change the course of energy production and consumption, and will instead facilitate business as usual.¹⁷ Indeed, these projections will be self-fulfilling prophecies if ADB fails to support renewable energy production in ways that strategically alter the current scenario. Furthermore, in its projections, ADB fails to acknowledge the increasing viability and economic advantages of renewable energy.¹⁸</p> <p>ADB is in a unique position to play a catalytic role in the regional energy sector,</p>	<p>With the increased viability of new and renewable sources of energy because of technical advances and the option for off-grid, community-based electricity supply, ADB will seek out renewable energy projects for financing. To increase the use of clean energy in DMCs, ADB will facilitate wider deployment of clean energy technologies by raising awareness, promoting policy and</p>

	creating an enabling environment for the proliferation of renewable energy projects.	<p>regulatory incentives to encourage their use, and promoting financing packages that share risks and lower costs.</p> <p>ADB will promote the expansion of policies that encourage the development of renewable energy. The objective is to create a framework that makes investing in renewable energy commercially viable. In addition, ADB will assume greater—but thoroughly assessed—risks and act as a catalyst for investments that the private sector might not otherwise be willing to make. ADB will help facilitate direct private sector investments that support inclusive growth and improve the environment. Please see new paras 23 and 25.</p>
226.	In the "Changing Context" section (pp. 2-4), we find it completely absurd that there is no mention at all of the phenomenal growth of RE, the policy changes that have driven the scale-up of the market, and the contrasting trajectories of RE cost reductions and fossils costs spiraling upwards. Since the draft does not include this, it has little to contribute to the policy changes that must take place in developing Asia with regard to RE specific issues such as tariffs, rate structures, regulatory issues, implicit and explicit subsidies, real-cost/least-cost accounting processes and incentives. It is imperative that the market growth and expansion of RE be highlighted at the opening section. Even in the section "Energy For All", there is no preferential treatment of the RE option. (para 87)	Cost reductions in renewable energy technologies are discussed in new Appendix 1 para 50.
	Review of Strategy	
227.	Document should include schedule for future revisions to the strategy and the timing should be sooner than every 5 years. Subsequent ADB policies need to have fast	The energy policy will be reviewed and updated as circumstances

	<p>response time to changes to regional and global conditions. A shorter cycle time in terms of planning, or interim updates, would be appropriate.</p> <p>A 23- year projection of energy demand is unrealistic. Build flexibility into the draft when looking at energy projections 20 years in advance.</p>	warrant. There is no definite review requirement period. See new para 52.
228.	Periodic review – minimum of 5 years or more to review strategies.	
	Role of NGOs	
229.	In South Asia, a large percentage of the population lack access. There has to be a subsidy element to the exercise, which through good governance could be best implemented by the governments and public sector. NGO involvement, while desirable, should be limited to acting as a check at the most, ensuring proper implementation by the governments, instead of actively getting involved in the implementation. Sometimes NGOs could impede progress.	Noted.
230.	Some NGOs are very much interested in the Clean Development Mechanism and carbon, but it is very complex for grassroots organizations to handle.	Noted.
231.	ADB should provide support to NGOs and local communities to undertake renewable energy and energy efficiency projects.	Noted.
232.	NGO involvement for the development of decentralized projects should be encouraged.	Noted.
	Safeguards	
233.	Draft lacks a systematic way of monitoring/addressing environmental and social consequences of energy projects after completion.	Please see response to comment #172.
234.	<p>Summary recommendation: Ensure greater safeguards in the implementation of the Energy Strategy</p> <p>We appreciate the safeguards-related provision in the consultation draft (Para 71). But since a number of large hydropower projects and coal power projects funded by ADB have many negative and social environmental impacts, we recommend that ADB</p>	

	adopt a strategy that would address the existing problems of affected communities living in the vicinity of existing power generating facilities.	
235.	To ensure project compliance with the ADB's environmental and social safeguards, stronger EIA procedures with greater public participation and access to redress mechanisms are needed. Greater oversight and proactive involvement from the national environmental regulator as well as project-affected communities and civil society is necessary.	
236.	Draft should also contain threshold units for the projects, i.e., ADB should be in a position to say no to certain projects which it considers environmentally and socially disastrous.	ADB has existing project feasibility study requirements that flag environmental or social issues that must be considered before proceeding with the project.
	Sector Reform & Restructuring	
237.	Draft does not mention that for fully privatized firms, the collective bargaining agreements should be respected and upheld.	Energy sector reform is a complex issue. Each country has different conditions (e.g., land-locked economies, larger island economies, etc.) so when ADB addresses sector reform and restructuring issues, it must consider among many options, based on lessons learned on a country by country basis in a transparent manner. See new para 41.
238.	Energy sector reform should examine sub-sectors such as electricity generation and distribution, RE production, and WtE. Reforms should be designed specifically for each sub-sector because key factors of success and economies of scale differ.	
239.	Reduction of subsidies should only be considered on a case by case basis.	
240.	ADB should undertake a multi-stakeholder review of power sector reform in the region, including what has happened so far (including unrest and non-performance in the sector), where the public stands in this regard and whether it will benefit from these reforms. The energy reform part of the strategy is not very helpful. It is simply a cookie cutter approach stated in new language. The draft mentions some progress on power sector reforms in some Asian countries, but does not really give much information on the basis of progress.	
241.	The strategy does not analyse the positive and negative impacts of private sector participation (or IPPs), promoted by ADB and other multilateral agencies over the past two decades. It should highlight the plights of countries such as Nepal and Sri Lanka,	

	<p>where the IPP policies promoted by the agencies and ad-hoc implementation by national Governments have landed the countries with a proliferation of high cost hydroelectrics (Nepal) and diesel-burning power plants (Sri Lanka), and the strategy should elaborate what corrective actions would ABD promote in these countries to ensure transparency of the IPP process, the IPPs would be elements of the least-cost plan, and in what situations ADB would assist DMCs to implement least cost generation in such countries as special cases when IPPs cannot be attracted for such power generation.</p>	
242.	<p>There is no comparative analysis of electricity costs and prices of the DMCs, and examination of why there are large disparities between countries in both costs and prices. Particular examples are the regionally non-competitive costs and prices of electricity in Nepal (predominantly hydroelectric) and Sri Lanka (predominantly oil-based). It is necessary for ADB to take stock at what has gone wrong in such county electricity sector development, segregate the determinants of unfavorable costs (generation mix, T&D losses, mismanagement, ownership issues, IPP policies) and address them in the strategy. This should include the associated issue of large investments required for baseload, cheaper power plants, and the constraints on the economy of scale faced by larger island economies (Sri Lanka) and land-locked economies (such as Nepal).</p>	
243.	<p>Energy sector reforms and governance are areas in which ADB can and should play a significant role to improve efficiency. To be meaningful such initiatives should increasingly be home-grown rather than imposed from outside. The process should take into account the DMCs' preferences and, more important, resource limitations and institutional capabilities.</p>	Noted.
244.	<p>Country power sector reform [is needed].</p>	Noted.
245.	<p>Rule of law and good governance should be defined and emphasized. Private sector involvement relies heavily on the rule of law. Mention this as part of governance.</p>	ADB sector reform is promoting an enabling environment for private sector participation.
246.	<p>On power sector reforms, there remains a need for long term TA support in many countries in the region. Much of this will be primarily driven by economic factors to reduce the burden of state subsidies and to place utility companies on a proper</p>	Noted.

	<p>financial footing. Successful reforms will lead to better resource management such improved energy efficiency, reduced losses and rational pricing. The Bank’s work in the area could be predicated on the two principles proposed [in comment #264] – these would need to be spelled out at the outset of any engagement. In most DMCs, improving access to energy should be a defined objective – this is often overshadowed by economic and governance factors.</p>	
	<p>Sector Reform: Privatization</p>	
247.	<p>ADB should stop pushing energy sector restructuring / privatization / competition, which have not worked well in many places and have not helped countries move toward poverty alleviation. Sector reforms by themselves are not the solution. Privatization is not a “one-size-fits-all” model. This will be country-specific.</p> <p>It is clear that ADB equates governance reform in power sector with privatization and unbundling (see Para 65 and 89), but this is clearly a fundamentally flawed proposition. There are many ways in which power sector needs reforms to achieve greater transparency, accountability, participation, equity, sustainability and efficiency. Privatization is not necessary to achieve any of these.</p> <p>In the experience of the Philippines, one of the countries that ADB claims to have attained an advanced level in restructuring, privatization efforts have resulted in higher electricity rates and ballooning government debts, unreliable supply.</p>	<p>Please see new paras 41 and 81. Privatization will not be the target or the end objective of ADB’s sector reform activities; instead, it will be one of the options available to enhance energy sector efficiency and increase investable resources. Sector reforms, including privatization or corporatization, will be designed and sequenced carefully on a country-by-country basis in a transparent manner.</p>
248.	<p><i>ADB should not continue to uncritically support reforms that the strategy document itself states have been problematic.</i> The strategy presents some contradiction – it acknowledges some lessons and challenges in sector reform efforts (paras 29, 66 and 89; para 43 of Appendix 5), but then proposes to continue support for privatization oriented reform (para 89; paras 33 and 37 of Appendix 5). To avoid repeating past mistakes in sector reform, the strategy should include analysis of what has gone wrong with reform efforts in various DMCs from a public interest perspective, and address these issues in a transparent and inclusive manner.</p> <p>Increasing transparency and creating an open, inclusive and participatory process to discuss what policy measures will best meet a particular country’s needs is critical to identifying credible and legitimate approaches to electricity sector reform. More attention needs to be given to the processes by which new policies and regulatory</p>	

	<p>measures are put in place and operationalized, rather than the prescription of predetermined policies and measures.</p> <p>Strategy should include in its framework participatory power planning to make utilities, generating plants, transmission company, regulators, planners, policymakers, legislators, and other stakeholders more accountable to the public. The energy sector should not be put under the complete control and domination of the big corporate private sector. Good governance / management and strong anti-corruption measures, rather than power sector privatization, are needed in order to improve the delivery of services.</p>	
249.	<p>ADB should build capacity of DMCs by developing and encouraging the institutional development framework and developing parliamentarism, media and civil society institutes. This would enable citizens to transparently and openly dispute privatization results, investment and bidding contracts, and energy contracts, and allow where independent courts could significantly reduce social dissatisfaction with the results of unhealthy privatization and protect those who have suffered from it.</p> <p>The privatization section of the draft strategy has passed over those aspects in complete silence. Political risks of such a short-sighted approach by ADB are immense; they threaten the loss of trust to its activities in Central Asia.</p>	<p>The third pillar of the energy policy has been expanded, from “sector reform and governance” to “sector reforms, capacity building and governance.”</p>
250.	<p>Recommendation: We suggest that ADB participate in the modernization and restructuring of energy sector governmental bodies into joint-stock companies in the way of share purchases. This can help with internal administration as well as in fighting against corruption. After making the company competitive in the market economy, ADB should send the shares back to the government for the same price as before the restructuring.</p>	<p>The energy policy does not discuss the specific means of reform. The proposed means are one option. Reforms will be designed and sequenced carefully on a country-by-country basis in a transparent manner.</p>
251.	<p>The consultation paper failed to identify socioeconomic issues such as the impact of high power rates and ballooning government/power sector debts. The consultation paper appeared to consciously avoid mentioning such socioeconomic issues even when it touched the privatization in the Philippines on p. 23. ADB must review/assess the impacts such as debts created by the contracts with independent power producers. It must then stop supporting the onerous and harmful power contracts or projects. Further, ADB must review and cancel debts in the energy/power sector that</p>	<p>Noted. Sector reforms, including privatization, should be designed and sequenced carefully on a country-by-country basis in a transparent manner. Subsidies, if any, should be made transparent, quantifiable, targeted, and capable of being</p>

	have not benefited, have caused damage to, and/or aggravated the sufferings of the public.	phased out in the medium term by designing appropriate social safety nets. Please see new paras 41, 43, and 81.
	Social Issues	
252.	A component related to the support of social responsibilities by the different participants in the energy market should be included, e.g., corporate social responsibility (including ecological responsibility)	Please see response to comment #172. The energy policy does not specifically address gender or core labor standards, but it will be guided by other relevant documents such as ADB's gender policy, Core Labor Standards Handbook, and environmental safeguards policy.
253.	Draft is weak on social protection and core labor standards, especially on restructured entities during power sector reforms. Draft did not incorporate strategies already outlined in ADB's Social Protection Strategy and in its Core Labor Standards Handbook.	
254.	Gender issues are not mentioned.	Please see new para 11 and new Appendix 1 para 22, which mention gender issues in the context of access to energy for all. Access to modern fuels and electricity is essential for economic production and social development. At the household level, it also helps in addressing gender bias and reducing indoor pollution.
	Strategy Components	
255.	Strategy should include a map of each country's natural energy resources, such as wind, hydro, solar, biomass. This is needed for trade and regional cooperation.	Noted.
256.	The report lacks an Energy Technology Roadmap.	The energy policy outlines feasible

257.	<p>If there were an energy roadmap for the region, then the strategy could be more of a roll-up of all the scenarios that have been explored on the ground in the different countries. ADB should work bilaterally with all DMCs, and as those strategies are firmed up, then they would all be rolled-up into a region-wide vision. That would be updated every five years or so in order to see progress against targets, and the tactics could be realigned to meet the targets accordingly.</p>	<p>options for ADB energy operations. ADB will be an advocate for and assist DMCs in technology transfer in energy efficiency, renewable energy, and cleaner technologies through demonstration projects for deployment.</p>
	<p>Strategy Components: Pillars</p>	
258.	<p>Purpose of the Pillars</p> <ul style="list-style-type: none"> ▪ What is the purpose of these pillars? How will they be used? If they are to be used as strategic tools, they need to be sharper in order to make decisions on funding. Will ADB be held accountable to these pillars? Whether these are the “right” pillars depends on how they are used. There should be a paragraph clearly defining each of them. And they need to be sharper so that it is clear what is included and what is excluded. ▪ The three pillars are well chosen, but they are not well illustrated. They are all quite similar – they all talk about sustainable energy supply. ▪ Pillars were poorly formulated. They sounded more like advertising slogans. ▪ Do all pillars have equal importance? There is no discussion of priorities. Were the pillars intended to be of equal importance in the strategy? 	<p>The pillars have been revised and are now: (i) promoting energy efficiency and renewable energy; (ii) maximizing access to energy for all; and (iii) promoting energy sector reform, capacity building, and governance. (Please see new para 19.) The pillars serve as the foundation of the energy policy. Like pillars that hold up a building or other structure, they are meant to be equal in importance. Operationally, the relative priority of each pillar will vary, depending on the specific country context.</p>
259.	<p>Pillar #1</p> <ul style="list-style-type: none"> ▪ Pillar #1 and #2 should be combined. ▪ Clarify first pillar: meeting energy demand in a sustainable way. Is demand unsustainable? ▪ The wording in the first pillar has a sense of being solely demand driven. Change emphasis to sustainable levels of production and meet those with efficiency and energy production. Could become ‘Meeting the energy needs in a sustainable way’ 	
260.	<ul style="list-style-type: none"> ▪ Demand reduction through energy efficiency would likely not be able to attain the objectives related to energy access for all. ▪ The energy access pillar should be better defined, so it is clear that what is meant by “access” (not just one lamp for one village). The pillar should specify “quality access.” ▪ Energy access for all should focus on/target the poor. ▪ A concern that this might sway poverty reduction priorities. Must beware that this 	

	<p>may lead to misallocation of resources. There are other factors to be considered in poverty reduction, e.g., health care. Setting a single goal here might be a misappropriation of resources for some countries.</p> <ul style="list-style-type: none"> ▪ Reword second pillar to reflect two issues being addressed – access and affordability. ▪ “Energy for all” sounds too absolute and ambitious. 	
261.	<p>Pillar #3</p> <ul style="list-style-type: none"> ▪ Pillar #3 should be expanded to include regional cooperation, energy security, energy efficiency, and social aspects (poverty reduction). ▪ The sector reform pillar should be more developed. The reference about private partnership is not clear. ▪ Energy reform does not have to be limited to unbundling and privatization of the electricity industry. Around the world, unbundling and privatization have resulted to more failures than successes. Privatization should be decided by each national government. Enabling framework is important. ▪ Should energy sector reform actually be a pillar? Sector reform is seen more as a delivery vehicle, a way to accomplish some of the overall strategies. It is not necessarily a strategy in and of itself. ▪ In some areas, reforms are not appropriate (e.g., state-owned and operated better) ▪ Sector reforms must be balanced against community benefits and needs 	
262.	<p>The pillars should include:</p> <ul style="list-style-type: none"> ▪ Human rights (alternately, the terms “social development” or “quality of life” could be incorporated, or the strategy could make a point regarding “do no harm.”) ▪ Climate change reduction ▪ Development of biofuels ▪ Environment ▪ The concept of environmental democracy ▪ Social impacts ▪ Public participation ▪ Democracy ▪ Greater focus on renewable energy use. ▪ MDGs ▪ Climate change risks ▪ Rule of law 	
263.	<p>Suggested new pillars (to replace current three pillars):</p> <ul style="list-style-type: none"> ▪ people, poverty, pollution, power. All should be accessible, available, acceptable, 	

	<p>and affordable.</p> <ul style="list-style-type: none"> ▪ energy investment; energy technology; energy institutions (i.e., institutional frameworks that renewable/clean energy projects can count on to help take the uncertainties out of their projections). 	
264.	<p>Suggested new pillars (to replace current three pillars):</p> <ul style="list-style-type: none"> ▪ Improve access to reliable and affordable energy supplies and services to those households and communities that still lack them, at least to a level for achievement of the MDGs. ▪ Devise and promote long term energy policies and strategies with DMCs, based on progressively reducing the growth and eventual stabilisation of GHG emissions in the region. 	
265.	<p>Proposed fourth pillar (in addition to the current three pillars):</p> <ul style="list-style-type: none"> ▪ Adequate investment. The other three pillars can be achieved only with adequate investment. (Not that ADB should make the investment, but it's an important pillar.) ▪ Oil security for Pacific Islands Developing Member Countries. 	
	Strategy Objective	
266.	<p>What is the objective of the strategy? The strategy is trying to please all without real and defined objectives. Add a global clear objective for the strategy (e.g., focus on climate change, energy for all, governance, etc.) and define it. It should reflect both Asian and PIDMCs. The strategy should state the objective and the strategies proposed to deal with them.</p>	<p>The objective of the policy is “to help DMCs to provide reliable, adequate, and affordable energy for inclusive growth in a socially, economically, and environmentally sustainable way.” It is built on three pillars: (i) promoting energy efficiency and renewable energy; (ii) maximizing access to energy for all; and (iii) promoting energy sector reform, capacity building, and governance. (Please see new para 14.)</p>
267.	<p>Strategy should be more focused – look at the World Bank. Choose areas where ADB can really make an impact.</p>	
	Targets, Benchmarks, and Implementation	
268.	<p>Strategy should include an implementation plan that outlines how to achieve strategic</p>	<p>Please see new para 46 and the</p>

	goals – short, medium, and long term– with roadmaps and benchmarks related to the achievements of the different objectives of ADB.	Results Framework in new Appendix 2, which includes a set of simple and implementable directional indicators for ADB to monitor the progress of the of the policy implementation. The Results Framework identifies broad outcomes to be achieved and the proposed contribution of ADB’s support for the energy policy on those outcomes. However, since each country will decide its strategy and policy options in a given country context, it is very difficult to develop targets of the ADB energy policy. The indicators for each pillar in the framework will be continuously fine-tuned in consultation with concerned departments.
269.	Monitoring and evaluation of the strategy should be part of the strategy document.	
270.	<p>The draft Energy Strategy should detail specific targets, milestones, benchmarks, and timelines especially as they relate to the three “pillars” of the strategy and the goal of scaling-up support for renewable energy and energy efficiency initiatives.</p> <p>ADB should identify what resources will be required, from both an institutional (staff/expertise) and operational (for example, expanding renewable energy lending portfolio to achieve strategy goals) standpoint, to implement the Energy Strategy.</p> <p>The draft Energy Strategy should identify indicators for monitoring implementation progress. ADB should commit to regularly assess these indicators and publicly report the results.</p> <p>An assessment of the major barriers and challenges likely to be faced in implementing the strategy should be prepared, and measures identified to mitigate these challenges.</p> <p>The draft makes many politically correct statements, including on energy efficiency, renewable energy, low carbon projects, etc, but has little by way of specific targets and timelines. The only target mentioned is the \$1 billion for clean energy, which could all be spent on energy efficiency (rather than RE). The lack of targets is considered a very serious flaw of the draft.</p> <p>Draft should have more articulation of its objectives, with quantifiable goals and schedules for meeting them. This will enable ADB to mark whether it succeeds in reaching its targets or not, and to be accountable for its failures. The draft should also assess the challenges and risks that will be faced to operationalize the strategy.</p>	
271.	The strategy needs to be layered into at least three layers. 1 General qualified and quantified targets. 2 Regionally specific targets 3 Country specific targets.	
272.	<p>The strategy does not offer a specific commitment or clarity on specific actions to develop renewable energy sources. The Strategy needs:</p> <ul style="list-style-type: none"> ▪ Concrete proposals with quantitative and qualitative benchmarks are needed for ADB’s plans for reducing carbon through its energy portfolio. ADB must integrate findings from the IPCC in its strategy and devise benchmarks that identify how 	

	<p>ADB will concretely move towards a low carbon future through its energy portfolio up to 2030.</p> <ul style="list-style-type: none"> ▪ A clear plan, with specific targets, for increasing EE and RE investment. ▪ An increase the number of ADB staff with renewable energy expertise. ▪ Measures to support specific renewable energy outreach activities to engage the private sector. (Much of the renewable energy industry does not have experience setting up projects in the DMCs or working with the International Financial Institutions.) <p>While the creation of ADB initiatives such as the Energy Efficiency Initiative (EEI), the Clean Energy Financing Partnership Facility (CEFPF), and the Clean Energy and Environment Program are encouraging steps, these initiatives fall short of ensuring a transition to a low carbon economy in Asia. They offer no specific strategy for increasing renewable energy.</p>	<p>far as commercially viable to promote renewable energy. ADB committed to expand its operations in clean energy to at least \$1 billion annually by 2008. ADB provided \$1.7 billion for clean energy investments in 2008, far exceeding the target of \$1 billion. It will now aim to increase the target to \$2 billion per year from 2013.</p>
273.	<p>...there was no explicit mention of ADB's commitment to helping increase the share of renewables in the total global electricity production. ADB could have, at least, set a target for reduced support for carbon-dependent projects for a given period of time (i.e., 10 percent, 12 percent, 15 percent of 1990 levels, or Kyoto protocol levels?) For example, ADB could measure the total emission of its entire energy portfolio and country level energy portfolio in 2007 with a suggested target of 20 percent from current level in five years and by 20 percent in each five-year cycle.</p>	
	<p>Targets for Impact of ADB Activities</p>	
274.	<p>Strategy should include specific time-bound, measurable targets for the impact of ADB's energy portfolio, e.g., GHG emission reduction, energy security, targeted reductions in energy consumption, 2 degrees threshold. Quantification and baseline data are important because it provides a basis on which you can account for your success or failure. These yardsticks should be clear to everyone.</p> <p>The level of specificity could be similar to that proposed by WWF at the Clean Energy Forum in June, which indicated the level of additional joules there would be due to a reduction in energy consumption, and how many additional joules would be converted from fossil fuel power sources to low emission technologies.</p>	<p>The directional indicators are included in new Appendix 2. It is difficult to provide targets at the policy level. In order to add targets in the results framework, each DMC has to agree with the proposed targets. It is not appropriate for ADB to make institutional commitments for each country's energy outcomes. ADB's output indicators will be focused on</p>

	Suggested target for emission reduction: the emission potential of ADB energy portfolio should reduce by 20% from current level in five years and by 20 % in each 5 years cycle.	institutional activities.
	Tariffs	
275.	Tariff policy for sustainable sector development especially in electricity sector.	Tariffs are discussed in new para 43.
276.	The strategy is silent on the need of electricity tariffs to end use customers to be competitive to ensure that customer businesses and industrial operations are regionally and globally competitive, and the low-income groups are provided with life-line rates.	
	Technology	
277.	ADB should do more to facilitate technology development and in transfer of technology to developing countries.	ADB will be an advocate for and assist DMCs in technology transfer in energy efficiency, renewable energy, and cleaner technologies through demonstration projects for deployment. Please see new para 45.
	Terms	
278.	<p>Para 52. It is technically incorrect to say "load demand". The correct term in the context is "load."</p> <p>and in 52 later.... On the downside, gas prices are increasing and gas -fired power plants will face competition from coal based plants. Use of LNG for gas -fired power plants is also an option, but insufficient infrastructure is a bottleneck.</p> <p>Para 10 pg 70: It is incorrect to say "tariff prices". Say "tariffs".</p>	Agreed. All references to "tariff prices" have been corrected.
	Transmission Losses	

279.	Loss of energy during transmission is not addressed. ADB should consider the loss of energy in transmission and ways to reduce the loss.	New para 36 has been revised to address transmission losses more clearly.
	Transport	
280.	The transport sector section received very little attention in the draft. The strategy needs to discuss more lengthily how to reduce the energy demand of the transport sector.	Transport sector issues are addressed by ADB's Sustainable Transport Initiative.
281.	If cleaner, newer fuels can be used in transport, this can also likely reduce the dependence on imported oil, which then also decreases the impact when large oil shocks occur. Hydrogen is a fuel which should be further studied and promoted for vehicle use (and the production of "clean" hydrogen from renewable energy must be at the top of this discussion).	Noted.
282.	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.	See new para 23 on biofuels. The Sustainable Transport Initiative, discussed in new Appendix 1 para 45, will address this.
	Vision	
283.	The new energy strategy appears to a large extent to continue the current energy policy. New directions are lacking, although some useful suggestions have been made for sustainable energy development.	The 2009 Energy Policy aims to help DMCs secure adequate energy supplies while cutting levels of greenhouse gas emissions. To this end, it emphasizes energy efficiency and renewable energy projects, along with expanding access to energy, particularly in remote rural regions where coverage remains limited. It will also support sector reforms, improved governance and capacity building in

		the energy sector.
284.	There is nothing new in the paper. It is too flexible. Given the prominence of energy issues in light of climate change, the draft strategy is not visionary enough.	The 2009 Energy Policy covers all 44 ADB developing member countries – large, medium, and small countries with different needs, resources, and contexts. As such, it must be broad and flexible enough to offer possible options to each and every developing member country.
285.	The ADB's proposed strategy is to "meet energy security and transition to low carbon economy" (slide pg 7). This sounds like a "slow" moving policy. Strategy should use wording like "expedite or aggressively encourage" the move into cleaner energy.	Noted.
286.	Overall, we find the Draft Energy Strategy does not move away from the "business-as-usual" path. It fails to adopt an energy paradigm that is pro-poor, pro-environment and one that would also allow economic growth.	Noted.
	MISCELLANEOUS	
287.	The analysis is focused on the cleaner sources of energy and the strategy too is focused on ADB's promotion of cleaner fuels and technologies in the DMCs. However, the document fails to recognize that the developed member countries continue to obtain a significant share of the electricity from conventional, low-cost baseload power plants (Australia: coal, Japan: Nuclear and coal), enabling such countries (now with lower demand growth rates than DMCs) to afford cleaner and greener electricity generation to meet their smaller incremental demand each year. DMCs have higher growth rates and require to establish their baseload facilities, while developed member countries have already done that in the 1950-1970 window. In the strategy, this distinction must be addressed.	The energy policy's focus is on the issues of developing member countries of ADB.
288.	Power Subsector (pp. 25-26). New energy sources such as fuel cell technology should not be ignored and left out from the strategy, at least for R&D support.	Please see response to comment #196 re ADB's role in R&D.

289.	Technical assistance for reducing distribution losses. This is huge in many countries, particularly the Philippines, resulting in many lost kilowatt hours. Whether it's technical or non-technical, it must be dealt with.	ADB is addressing technical and non-technical distribution losses through technical assistance. ADB is installing advanced technology and promoting good governance.
	Comments on Appendix 1: Energy and Millennium Development Goals	Please note that the 2009 Energy Policy does not include an appendix on "Energy and Millennium Development Goals" as the 2007 consultation draft of the energy strategy did.
290.	Nowhere in the Areas of Intervention discussion (Pages 33 to 34, paragraph 19) is there any mention of interaction with the stakeholders from the DMCs. There is a need for constant interactions with governmental, industrial, political, educational, cultural and spiritual authorities participating in the realization of sustainable development programs and that an active role be given to scientists from developing countries. This is important. Most ADB projects have brought into the DMCs experts from first world countries, which have little or even no experiential local knowledge. Most of these experts give recommendations based on their first world experiences, which at times are to the detriment of the DMCs.	Interaction with stakeholders from DMCs is critically important to ADB. Consultation and participation are a key component of ADB's projects, and are addressed in ADB's policies on safeguards and on public communication.
291.	Page 29, Paragraph 2, last sentence says, "requires access to electricity as a necessary prerequisite." I do not agree that providing electricity alone would be the key to poverty alleviation. Poverty still abounds in places where there is electricity and where modern energy services are available. Also, Appendix 1, Page 32, Paragraph 12 cites interdependency of energy access and poverty alleviation, while paragraph 13 negates modern energy services to be a guarantee to poverty alleviation. These statements seem contradictory.	Noted.
292.	Appendix 1, Page 33, Paragraph 18 (On ADB's role). Sometimes, assisting is an unwelcome gesture that independent governments are sensitive to. Maybe, ADB should just focus on (ii) and (iii).	ADB works in partnership with DMC governments.
293.	Appendix 1, Page 34, discusses introduction, where appropriate, of Rural Energy	Noted.

	Service Concessions. ADB limits its exposure to high risk projects, a characteristic that is typical of banks. This can be seen in ADB policies mentioned in page 27, paragraph 84 and 85. For consistency, ADB should, at the moment, just forego supporting such concessions.	
	Comments on Appendix 2: ADB's Clean Energy and Environment Program: 2007 Update	Please note that the 2009 Energy Policy does not include an appendix on "ADB's Clean Energy and Environment Program: 2007 Update" as the 2007 consultation draft of the energy strategy did.
294.	Appendix 2, Page 38, Paragraph 4 Energy Efficiency Initiative (EEI). According to the 1994 GHG Inventory, 33% of GHG emissions are from agriculture. Hence this sector should also be under EEIs and CMIs.	Please see Energy Efficiency Initiative website. http://www.adb.org/Clean-Energy/eei.asp
295.	One thing lacking, I think, in ADB's approach is in the area of information, education and communication (IEC). Most clean energy technologies are more expensive than conventional energy technologies. An IEC initiative or program would increase the acceptability of clean energy technologies to the public, who, in one way or another, will bear the costs of the adoption of such technologies.	Noted.
	Comments on Appendix 3: New and Renewable Energy	Please note that the 2009 Energy Policy does not include an appendix on "New and Renewable Energy" as the 2007 consultation draft of the energy strategy did.
296.	Suggestion on discussion of RE: include a table that will discuss the advantages and disadvantages of using various renewable technologies. If possible, include also the cost of constructing them. If not, then just indicate "very costly," "somewhat costly," or "least expensive." In addition, it would be helpful to include a table on the advantages and disadvantages of using the different energy sources and their effect to the environment.	Noted.

¹ Lohmann, Larry, editor. "Carbon Trading: A critical conversation on climate change, privatisation and power" *Development Dialogue* magazine, No. 48 2006. Corner house. p.148

² *Ibid*, p. 145

³ Pew Center on global climate change <http://www.pewclimate.org/global-warming-basics/coalfacts.cfm>

⁴ *Ibid*, para. 9, p. 5

⁵ P.24, point 49 and p.32, paragraph 78, and p.33, paragraph 85, and p. 31, paragraph 76, for instance; the section on coal in pp. 72 and 73 no longer even mention the urgency to mitigate.

⁶ For more discussion of the CCS option, <http://www.greenpeace.org/raw/content/international/press/reports/briefing-ccs-carbon-capture-storage.pdf> and <http://www.greenpeace.org/international/press/reports/technical-brifing-ccs>

⁷ These are reported in the REN21 global status reports and the UNEP Sustainable Energy Investment Report (see www.ren21.net)

⁸ <http://www.gwec.net/index.php?id=45>

⁹ http://www.erec-renewables.org/publications/EREC_publications.htm#roadmap

¹⁰ The UNESCO Forum on the GHG Status of Freshwater Reservoirs will meet again in Brazil in September 2007. A statement of participants from the first meeting (December 2006) is available at http://www.unesco.org/water/ihp/pdf/ghg_participants_statement.pdf

¹¹ IRN (2007) Nam Theun 2 Trip Report and Project Update, *Published by IRN May 2007* www.irn.org/pdf/namtheun/NT2TripReport2007_full.pdf

¹² 26 February 2007 meeting at the ADB head office with the RSDD's Woonchong Um and Ajay Guha at the ADB attended by Red Constantino (Greenpeace), Daniel Mittler (Greenpeace) and Ronald Masayda (NGO Forum on the ADB).

¹³ Woonchong Um. Letter sent to NGO Forum on ADB, dated April 25, 2007.

¹⁴ Session on the ADB Energy Policy, NGO Forum Lobby Day, ADB Head Office, March 12, 2007.

¹³ Garrett, B.W., (2005). Comments on Study for a Regional Power Trade Operating Agreement in the Greater Mekong Subregion, TA 6100-REG, Final Report, Discussion document commissioned by Palang Thai, Bangkok

¹⁴ Please see <http://www.greenpeace.org.uk/blog/climate/decentralised-energy-w>

¹⁵ Please see <http://www.localpower.org> (World Alliance for Decentralized Energy)

¹⁶ See IEA Technology Experts Meeting on Grid Integration of Electricity from RE, 29 May 2007. Available: http://www.iea.org/Textbase/work/workshopdetail.asp?WS_ID=314

¹⁷ For example, the document says: "A review of the demand trends in developing Asia, according to fuel types, shows that coal will continue to dominate with a share of 47% in 2030, followed by oil at 25.6% and natural gas at 9%, compared to 45%, 24.5% and 7%, respectively in 2004" (p.4). Similarly: "According to IEA estimates, the share of other renewables in the total primary energy demand is expected to increase to only 2% by 2030, with most of the growth occurring in the OECD countries" (p. 14).

¹⁸ For detailed information on this subject, see Greenpeace's *energy [r]evolution* report, which details the extraordinary viability and comparative economic advantage of renewable energy. <<http://www.greenpeace.org/raw/content/eu-unit/press-centre/reports/energy-r-evolution-executiv.pdf>>