

EEI Update – September 2007

A progress bulletin of ADB's Energy Efficiency Initiative



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ADB Steps Up Clean Energy Operations in ADF DMCs

Not only is ADB on the path toward its Energy Efficiency Initiative (EEI) target of \$1 billion a year, but it is just as well able to direct more clean energy investments toward smaller developing member countries (DMCs) that remain eligible for the Asian Development Fund (ADF).

In 2007, over \$400 million in clean energy investments out of the total \$916 million in ADB loans will go to Group A and B1 DMCs such as Afghanistan, Bangladesh, Cambodia, Nepal, Pakistan, and Viet Nam. Clean energy components of loans to ADF-eligible DMCs are expected to treble in 2008 to support various projects in Bangladesh, Lao People's Democratic Republic, Nepal, Pakistan, Sri Lanka, and Viet Nam.

Aside from direct investments to be made in these DMCs, ADB's market transformation interventions aimed at deploying clean energy technologies in the region are envisaged to bring down the cost of these technologies in these country markets. *Samuel Tumiwa, 6624; Marcial Semira, 70428*

ADB Meets PHI DOE Secretary on Clean Energy Program

The newly-appointed Philippine Energy Secretary, Angelo T. Reyes, met with ADB officials, led by Philippine ED Marita Magpili-Jimenez and SERD DG Arjun Thapan, at ADB Headquarters on 31 August to discuss possible assistance to the Philippine Government through its Department of Energy (DOE) in the areas of energy efficiency (EE) and renewable energy projects (RE) under its broader climate change program. Discussions focused on creating hundreds of megawatts of virtual power plant capacities through the massive replacement of incandescent bulbs with compact fluorescent lamps (CFLs). DOE and ADB will move this agenda forward in succeeding meetings that will involve the National Economic and Development Authority (NEDA) to help develop the "CFL power plant" project and other components of the climate change program. Secretary Reyes is

also the head of the newly created Presidential Task Force on Climate Change. Other ADB officials who joined the meeting were SEID Director John R. Cooney, PHCO Country Director Thomas Crouch, and RSID Director Wochong Um. *Sohail Hasnie, 5782; Alexander Ablaza, 70365*

CWID Charts EE Roadmap for Pakistan

CWID completed in late August its draft energy efficiency assessment and roadmap report for Pakistan with support from EEI. The report is currently being circulated among concerned agencies of the Government of Pakistan (GOP), led by the Members for Infrastructure and Energy of the Planning Commission. The report recommends a three-phased strategic plan for the next six years. The short-term strategy includes (i) approving the energy efficiency and energy conservation (EEEC) roadmap, (ii) forming an EEEEC working group of experts, and (iii) implementing no- and low-cost GOP actions. Investments and market reforms make up the recommended medium- and long-term strategies of the roadmap.

Rune Stroem, 5549; Alexander Ablaza, 70365

SEID Formulates EE Scale Up Strategy for Viet Nam

In mid-August, SEID completed the EEI inception report for Viet Nam after holding successful consultations with the EE stakeholders in the domestic market. ADB's recommended strategic approach to scale up EE investments in Viet Nam includes (i) assisting the Government of Viet Nam (GOV) in drafting an energy efficiency and conservation law, (ii) conducting a market research to identify and prepare specific end-use EE investments, and (iii) capacity building for local financial institutions (LFIs). The EE investment opportunities identified in the report include residential lighting scale-up demand-side management (DSM) programs, energy service company-led EE retrofit projects in the commercial and industrial sectors, power transmission and distribution loss reduction projects, and risk sharing partnerships with LFIs. *Duy-Thanh Bui, 6768; Alexander Ablaza, 70365*

ADB's EEI Activities at a Glance

Alexander Ablaza, 70365

Unit	EE	RE	CF	Activity Status	Next Steps / Outlook
CWID	● ●	○ ●	○	<ul style="list-style-type: none"> Completed EE roadmap for submission to the Government of Pakistan (GOP) Pursue MFF renewable energy development and supply-side transmission and distribution (T&D) loss reduction 	<ul style="list-style-type: none"> Seek GOP adoption of EE roadmap; develop EE project pipeline Develop specific RE and T&D loss reduction projects under MFF
DER	●	●	●	<ul style="list-style-type: none"> Developed core messages of the communication plan for the Clean Energy and Environment Program (CE&EP); ongoing formulation of Action Plan and management of speaking events 	<ul style="list-style-type: none"> Work with RSID and ODS to finalize communication plan, implement immediate components (e.g. website updating, events management)
EAEN	● ●	● ●	○ ○	<ul style="list-style-type: none"> Collaborating with National Development and Reform Commission (NDRC) to develop framework for external assistance in EE and RE development in the People's Republic of China (PRC); mobilized study team in Jul 2007 and held inception workshop in Aug 2007; scope of collaboration now includes case studies in 6 provinces Working with provincial governments, utilities and private sector partners to develop "efficiency power plant" (EPP), wind, and hydro projects in the PRC 	<ul style="list-style-type: none"> Complete draft Phase 1 report and hold mid-term workshop in late Sep 2007; complete Phase 1 report and hold final workshop in Nov 2007. EE and RE project pipeline development, including Guangdong EPP
OCO	●	●	●	<ul style="list-style-type: none"> Led discussions with donors (e.g. Australia, Japan, and Norway) to raise contributions to the Clean Energy Financing Partnership Facility (CEFPF) and the drafting of trust fund implementation guidelines 	<ul style="list-style-type: none"> Pursue discussions with other donors Finalize trust fund implementation guidelines
PAHQ	●	●		<ul style="list-style-type: none"> Ongoing formulation of Samoa Power Sector Expansion Project and piggybacked technical assistance (TA) to support transmission loss reduction, climate change adaptation, increased hydro utilization through tariff restructuring, and demand-side management (DSM) through metering and policy incentives 	<ul style="list-style-type: none"> Finalize Samoa project and TA Pursue other EE initiatives mainly in the Fiji Islands and Papua New Guinea
PSOD	● ●	● ●	○ ○	<ul style="list-style-type: none"> Ongoing evaluation of clean energy (CE) investment proposals from private equity fund managers Continue support to other CE funds (Seed Capital Assistance Facility, FE Global/Asia Clean Energy Services Fund), energy service company (ESCO) transactions in PRC 	<ul style="list-style-type: none"> Complete evaluation of proposals in Q4, 2007 Explore ESCO/CE opportunities in other DMCs, e.g. GE RE equity investment
RSID	● ● ● ●	● ● ● ●	● ● ● ●	<ul style="list-style-type: none"> Worked with OCO to establish CEFPF, solicit donor participation, and develop implementation guidelines; coordinated establishment of CE working group Developed and circulated draft framework for estimating, designing, monitoring, and evaluating CE projects; established ADB's baseline for CE investments through 2003–2006 Organized the Asia Clean Energy Forum in Jun 2007 Work with DER to update CE websites; provide other inputs to DER for developing and implementing CE&EP communication plan 	<ul style="list-style-type: none"> Continue to discuss with other CEFPF donors Incorporate OD comments and finalize framework Build on post-forum opportunities/linkages Initiate peer review of CE website by Oct 2007
SAEN	● ● ●	○ ○		<ul style="list-style-type: none"> Completed national consultations and draft final inception report for India Initiated assistance to the Assam State Electricity Board (ASEB) to assess power supply augmentation requirements Working with state governments to establish Energy Conservation Funds 	<ul style="list-style-type: none"> Finalize EEI inception report Finalize ASEB assessment report Explore opportunities with other states (e.g. Himachal), and government agencies, such as the Bureau of Energy Efficiency
SEID	● ● ● ○	○ ○ ● ○	○ ○ ○ ●	<ul style="list-style-type: none"> Held multistakeholder consultations and completed final inception reports for Indonesia and Viet Nam Forged MOU with the Ministry of Industry and Trade (MIT) for drafting of energy conservation law for Viet Nam (with EEI support) and capacity building for Vietnamese ESCO sector (with Spanish assistance) Held high-level discussions with the Department of Energy for financing requirements of a compact fluorescent lamp (CFL) project and climate change program Plan support to Eco-Asia's clean coal capacity building in Viet Nam 	<ul style="list-style-type: none"> Resume discussions with Directorate General for Electricity and Energy Utilization and Bappenas of Indonesia Draft energy conservation law and develop EE pipeline in Viet Nam Pursue Philippine CFL project opportunity and develop climate change program Support clean coal capacity building in Viet Nam

EE = energy efficiency; RE = renewable energy; CF – clean fuels (including cleaner fossil fuels). Activities include EE/RE project development without RETA support.