

EEI Update – November 2007

A progress bulletin of ADB's Energy Efficiency Initiative



Issue No. 4

ADB and PHI DOE Lead Clean Energy Conference; 2008 Loan/MFF Eyed

ADB and the Philippine Department of Energy (DOE) led about 80 participants in a clean energy conference on 30 October 2007 at the ADB Headquarters to discuss the prospects of establishing a national clean energy program with proposed support from ADB through an early-2008 loan and a subsequent multi-tranche financing facility (MFF) proposed by SEID. The program has two components: (i) capture the immediate opportunities through pilot projects using a loan covering energy efficiency (EE) and transport efficiency; and, (ii) a long-term sector loan for scaling up the pilots across the whole country. DOE Secretary and Presidential Task Force on Climate Change (PTFCC) Chairman Angelo T. Reyes provided the context of the program with a presentation of the Philippine's climate change response framework. Other speakers shared experiences on end-use EE and CFL programs in Australia, Thailand and Indonesia. *Sohail Hasnie, 5782; Alexander Ablaza, 70365*



ADB's Vice President C. Lawrence Greenwood welcomes DOE Secretary and PTFCC Chairman Angelo T. Reyes. From left: DOE Undersecretary Mariano S. Salazar; Secretary Reyes; DOF Undersecretary Jeremias N. Paul, Jr; John R. Cooney, Director, SEID; VP Greenwood; and Arjun Thapan, Director-General, SERD, ADB (Photo courtesy of DER)

Norway Commits \$5.5 million to CEFPPF

Norway has pledged NOK 30 million (about \$5.5 million) to ADB's multi-donor Clean Energy Fund (CEF) under the Clean Energy Financing Partnership Facility (CEFPPF). This will be made available in tranches of NOK 10 million (about \$1.8 million) annually starting this year. Norway's contribution has brought total committed and expected contributions to CEFPPF

to about \$83.5 million. Australia committed AUS 7 million with intent to contribute AUS 32 million in total, while Japan is expected to contribute around US\$ 50 million. *Samuel Tumiwa, 6624; Karen Decker, 5719*

PSCM Begins Due Diligence of Proposals for Clean Energy Funds

PSCM has started due diligence of six proposals for clean energy funds from private sector fund managers. The assessment will be completed by next month. The funds that will eventually be selected will invest for long-term capital appreciation in private companies and projects that are active in greenhouse gas mitigation. ADB will consider providing up to \$100 million in limited partner interests or equivalent, representing up to 25% of the total capitalization of a given fund with the balance to be raised from other sponsors and private sector investors. PSCM issued the call for proposals in July 2007 with the objective of addressing the inadequate supply of adapted risk capital that can be accessed by small and medium-sized clean energy companies in Asia. Nineteen proposals were received, almost double than what had been anticipated. The shortlisting process has later reduced the field to 8 for interview, and then to 6 for due diligence. *Shin Kim, 6422; Johanna Klein, 5720*

EAEN Completes Phase I of ADB-PRC Collaboration on EE/RE Scale-up

The People's Republic of China (PRC) will need to invest about \$100-130 billion in energy conservation by 2010 to achieve its energy intensity reduction target under its 11th Five-Year Development Plan. It will also require \$300 billion by 2020 for renewable energy (RE) development. These, as well as major barriers and challenges, are among the major findings of Phase I of the joint study being conducted by EAEN and the Foreign Capital Utilization Department of the National Development and Reform Commission of PRC for more efficient and effective utilization of external assistance in promoting EE and RE in PRC. Work will start soon on Phase II which will design innovative mechanisms for EE project financing and propose scale-up measures to catalyze RE investments. *Kangbin Zheng, 5781; 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 and submitted EE roadmap and assessment report to the Government of Pakistan (GOP) Organized a donors' meeting in Islamabad and discussed the "Implementing Energy Efficiency in Pakistan" report Processing a technical assistance to support the GOP in developing an integrated EE program 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 Report will be presented to the Cabinet Task Force on Energy TA approval expected in Dec 2007; recruitment of consultants to start in Feb 2008 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 components (e.g. website, events)
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); completed Phase I (Jul-Nov 2007) study on opportunities and challenges; held 3 workshops and conducted case studies in 6 provinces Working with provincial governments, utilities and private sector partners to develop "efficiency power plant" (EPP), clean coal, wind, hydro and biomass projects in the PRC 	<ul style="list-style-type: none"> Mobilize Phase II study team in Dec 2007; support NDRC study tour to Japan and Korea in Jan 2008; hold workshop in Mar 2008 and complete Phase II report on innovative mechanisms and scale-up measures in Apr 2008 EE, RE and CF 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 development of trust fund implementation guidelines 	<ul style="list-style-type: none"> Pursue discussions with other donors
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 due diligence of clean energy (CE) investment proposals from private equity fund managers Continue support to other CE funds (e.g., Seed Capital Assistance Facility), and energy service company (ESCO) transactions in PRC Developing wind projects in India, Pakistan, Philippines, Sri Lanka; 4,000 MW supercritical coal in India; and 750 MW hydro in Nepal 	<ul style="list-style-type: none"> Complete due diligence of proposals in Q4, 2007 Explore ESCO/CE opportunities in other DMCs, e.g. GE RE equity investment Seek Board approval for wind, clean coal and hydro projects in India and Nepal in Q1-Q2, 2008.
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 Working with DER on updating CE website, 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 Incorporate revisions proposed by DER on initial draft updates on CE website
SAEN	● ● ●	○ ○ ● ●		<ul style="list-style-type: none"> Completed national consultations and draft inception report for India Completed power supply assessment study for State of Assam Initiate discussions with GAIL India Ltd for clean-development mechanism (CDM) assistance Working with state governments to establish Energy Conservation Funds 	<ul style="list-style-type: none"> Finalize EEI inception report Build CE projects on Assam findings Pursue GAIL CDM assistance under proposed aide memoire Explore opportunities with other states, agencies and financial institutions
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 (MOIT) 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 and conference with the Philippine Department of Energy for proposed clean energy assistance to national climate change program Supported 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 Initiate loan process for Philippine EE program in Q4, 2007

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