

EEI Update – November 2008

A progress bulletin of ADB's Energy Efficiency Initiative



Issue No.7

ADB Expands EEI RETA to More DMCs

The Asian Development Bank (ADB) is providing a \$3 million grant from the Climate Change Fund (CCF) to expand its clean energy program to involve more developing member-countries. ADB will explore energy efficiency market opportunities in Afghanistan, Bangladesh, Cambodia, Lao People's Democratic Republic, Mongolia, and Uzbekistan through a broad range of in-country and regional activities. These countries join the People's Republic of China, India, Indonesia, Pakistan, Philippines, and Viet Nam identified by ADB as having significant potential for clean energy investments. The grant will also be used to help develop projects for possible ADB funding that will help reduce greenhouse gas emissions and improve energy security through the scaled-up deployment of clean energy technologies in the energy markets of these developing member-countries. Aside from investments in supply-side energy efficiency, renewable energy and cleaner fuels, ADB is interested to mainstream end-use energy efficiency projects in its operations. *Samuel Tumiwa 5247; Alexander Ablaza, 70365*

Viet Nam Scales-Up End-Use EE Projects with ADB Assistance

The Institute of Energy estimates that some 45-50 million incandescent bulbs (IBs) are still in use in Viet Nam. The Ministry of Industry and Trade (MOIT), Energy Efficiency and Conservation Office of Viet Nam (EECOV), Viet Nam Electricity (EVN), and ADB, have executed a Memorandum of Understanding on 8 October 2008 to jointly design and implement an energy efficiency project with the core component being a massive compact fluorescent lamp (CFL) distribution program. The feasibility of including government building lighting retrofits, public lighting retrofits and solar water heater installation will also be studied. A blend of loan, grant and upfront financing from the clean development mechanism (CDM) through the Asia Pacific Carbon Fund (APCF) is envisaged to support the implementation of the project. The program is a scaled-up concept targeted at a saving of 1,000 MW peak load capacity with the replacement of an assumed 30 million IBs in the Vietnamese market with high-quality CFLs. *Duy-Thanh Bui, 6768; Alexander Ablaza, 70365*

Spain and Sweden Contribute to Clean Energy Financing Partnership Facility

The Governments of Spain and Sweden have agreed to contribute \$5 million and \$4.7 million, respectively, to the multi-donor trust fund under the ADB's Clean Energy Financing Partnership Facility (CEFPF).

Administered by ADB, the CEFPF aims to improve energy security in ADB's developing member countries. It also seeks to help them shift to low carbon economies through cost effective investments in technologies and practices that reduce greenhouse gas emissions.

Spain and Sweden join Australia and Norway as initial contributors to the multi-donor fund. *Samuel Tumiwa 5247; Karen Decker, 5719*

Grant Assistance Improves Access to Solar Home Systems in Bangladesh

As part of the Public-Private Infrastructure Development Facility (PPIDF), CEFPF (\$2 million) and CCF (\$1.3 million) funds will be used for buying down the price of solar home systems (SHS) to end-users which are typically households in rural areas with no access to grid electricity. The price of a typical 50 Watt SHS is about \$400. The \$50 per SHS/household assistance consisting of a \$40 buy-down grant for end-users and a \$10 institutional development grant for the participating organizations (POs) will be funded from the requested grants. This PPIDF project is targeting some 66,000 new SHS installations.

The requested grants will complement ADB's ADF loan under the PPIDF. A \$27 million loan component will be extended to the POs as low cost re-financing facilities which will enable them to provide micro-credits of up to \$270 per household for the installation of approximately 100,000 new SHS. The project, approved in the first week of October, will be managed by the Infrastructure Development Company Limited (IDCOL), a government-owned financial intermediary. *Peter Marro, 5762*

New Wind Project in Inner Mongolia to Encourage Private Sector Investments in Clean Energy

A new wind power generation project in Inner Mongolia was approved in September to contribute to renewable energy shares in the generation mix of PRC. The project is likewise aimed at reducing significant amount of greenhouse gas (GHG) emissions and improving energy security of the country through the development of indigenous energy sources. ADB is supporting a collaboration between one of the established big-five local power companies and foreign strategic investors with expertise in wind to demonstrate a strong model to enhance private sector participation in wind power generation. Such replicable model is intended to encourage the private sector to invest in wind power generation beyond the project interventions. *Hisaka Kimura, 5521*

Emerging Lessons Shared on PRC's EE Multi-Project Financing Program

On 10 November, a seminar was co-organized by OCO, OGC, PSOD, and RSDD to share emerging lessons from the \$107 million Energy Efficiency Multi-Project Financing Program in PRC approved in December 2007. This is the first partial credit guarantee (PCG) facility established under ADB's Energy Efficiency Initiative (EEI). The knowledge-sharing event of EEI was designed as a platform for dialogue to eventually enable participants to develop and implement new PCG programs in other DMCs. Using the approved PCG program in PRC as a case study, lessons on the structuring, key legal issues and a public sector variation of PCG assistance were presented to about 40 participants. *Hisaka Kimura, 5521; Roland Pladet, 6178; Howard Brooke, 4969*

ADB Consults Carbon Market Stakeholders for EE Lighting Programs

Multi-sectoral end-use energy efficiency projects which include the massive replacement of inefficient lighting technologies are now being mainstreamed in ADB's project operations under EEI. To support this regional objective, ADB organized, "Using Programmatic CDM (P/CDM) to Improve Energy Efficient Lighting in Developing Asia," a special session held on 13 November 2008 during the Carbon Forum Asia 2008 conference and trade fair in Singapore. The regional and market-wide potentials for efficient lighting projects, and how they can be scaled-up with the optimal use of programmatic CDM approaches were discussed. The gathered opinions from experts will enable regional departments, initially SERD, to customize the design

of efficient lighting programs according to the project boundaries defined in approved methodologies. The event was well attended by participants representing the CDM executive board, government coordinating agencies, project developers, designated operating entities (validators), and the lighting industry. *Josh Carmody, 5272; Yiyang Shen, 70849; Alexander Ablaza, 70365*

Regional Partnership to Provide Energy Access for the Poor

ADB is establishing the Asia-Pacific Regional Partnership – Access to Energy for the Poor. This new partnership will serve as a platform to stimulate cooperation, share ideas and information, advocate new approaches and methodologies, and, most importantly, help drive the implementation of scalable, replicable and financially sustainable access to energy projects. The regional partnership will add value to other access to energy initiatives through its emphasis on financing and scaling up local village-based energy access projects while mobilizing the private sector. This regional partnership will be open to all individuals and organizations that are active in implementing, financing, developing and scaling up access to energy projects in the Asia-Pacific region. Partners will benefit from the networking, support and coordination that will be crucial to scale up access to energy and achieve progress toward the Millennium Development Goals in the region. The steering committee and working groups will be formed by March 2009 and the partnership will be formally launched at ADB's annual Asia Clean Energy Forum in June 2009. *Samuel Tumiwa, 6624; Jiwan Achrya, 6207; Shaanti Kapila, 70020*

Climate Investment Funds Take Shape

The Climate Investment Funds (CIF) are being established by MDBs to target large greenhouse gas (GHG) emitting countries for transformational investments that will support their transition to a low-carbon growth path. The CIFs are comprised of two funds: the Clean Technology Fund (CTF); and the Strategic Climate Change Fund (SCF). Australia, France, Germany, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom, and the United States pledged \$6.1 billion to the fund. Each Trust Fund Committee (TFC) is comprised of an equal number of donor countries and developing countries, decisions on the use of funds will be made by consensus. The TFCs met in Washington D.C. in November to discuss strategic directions, results, and impacts of the CIF. *Samuel Tumiwa, 5247*

For more information on ADB's Energy Efficiency Initiative visit www.adb.org/Clean-Energy/eei.asp or e-mail: cleanenergy@adb.org

EEI Activities¹ at a Glance

Alexander Ablaza, 70365

Unit	EE	RE	CF	Activity Status	Next Steps / Outlook
CWRD	✓ ✓ ✓	✓		<ul style="list-style-type: none"> Completed and submitted EE roadmap and assessment report to the Government of Pakistan; Used EEI output to design new PPTA to help government in developing a comprehensive EE policy and investment program Secured approval for PPTA: Sustainable Energy Efficiency Development Program Pursue MFF renewable energy development and supply-side transmission and distribution (T&D) loss reduction 	<ul style="list-style-type: none"> Propose establishment of an ADB-assisted secretariat in Pakistan to coordinate donor activities related to EE development PPTA implementation Develop EE project pipeline Develop specific RE and T&D loss reduction projects under MFF
DER	✓	✓	✓	<ul style="list-style-type: none"> Continuing support for communicating ADB's clean energy efforts through management of publications, press releases, speaking engagements, website, etc. 	<ul style="list-style-type: none"> Sustain clean energy communication campaign
EARD	✓ ✓ ✓	✓ ✓ ✓	✓	<ul style="list-style-type: none"> Completed Phase 2 of collaborative study with the National Development and Reform Commission to mainstream innovative mechanisms to optimize foreign capital in EE and RE development in the People's Republic of China (PRC) in Jul 2008 Secured approval for first tranche of Guangdong EE and Environment Improvement Program in Jun 2008 Working with provincial governments, utilities and private sector partners to develop "efficiency power plant" (EPP), integrated gasification combined cycle (IGCC), district heating, wind, hydro and biomass projects in PRC Initiated discussions with the Government of Mongolia on the feasibility of geothermal development 	<ul style="list-style-type: none"> Support dissemination of Phase 2 outputs among central and provincial government agencies and within ADB Implement first tranche of Guangdong EPP Explore EPP opportunities in Shandong and Liaoning; Pursue other CE investments in PRC Explore possible TA for geothermal development feasibility study
OAS	✓	✓		<ul style="list-style-type: none"> Investigating new opportunities to employ EE technologies and practices in ADB facility operations Demonstrated solar applications for ancillary loads 	<ul style="list-style-type: none"> Continue to implement innovative measures to reduce ADB's carbon footprint
OCO	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	<ul style="list-style-type: none"> Submitted the Clean Energy Financing Partnership Facility (CEFPF) Semiannual Progress Report Secured approval for ADB's Climate Change Fund (CCF) Held annual consultation meeting with CEFPF partners (e.g. Australia, Japan, Norway) The Government of Sweden has signed an instrument of contribution for \$4.7 million to the CEFPF. The Government of Spain has signed an instrument of contribution for \$5 million to the CEFPF. 	<ul style="list-style-type: none"> Continue discussion with other donors (e.g. Austria, Finland, Luxembourg, Netherlands, Portugal, Switzerland, United Kingdom)
OGC	✓ ✓	✓ ✓	✓ ✓	<ul style="list-style-type: none"> Supported operations department in loan processes for projects with clean energy components Supported establishment and operations of climate change and clean energy funds 	<ul style="list-style-type: none"> Continue legal advisory support to clean energy activities of ADB Explore new mechanisms to promote EE (e.g. ESCO contracting)
PARD	✓	✓	✓	<ul style="list-style-type: none"> PLCO initiated discussions with four member states for generation company-financed TA to promote RE Proposed CEFPF financing for new RETA to promote EE in five Pacific member states 	<ul style="list-style-type: none"> Develop new TA based on financing commitments Secure CEFPF and RETA approvals
PSOD	✓ ✓	✓ ✓	✓ ✓	<ul style="list-style-type: none"> Following ADB approval, five clean energy private equity funds are working on fundraising. One China fund became operational. The Seed Capital Assistance Facility (SCAF) is being discussed with several fund managers for future collaboration 	<ul style="list-style-type: none"> Finalize legal documentation. The other four funds are planned to be operational in Q1 2009. Pick the first SCAF project and explore possible SCAF activities for project development.

¹ Includes operations department-led activities not funded from DMC allocations under EEI RETAs 6346, 6392 and 6501.

Unit	EE	RE	CF	Activity Status	Next Steps / Outlook
	✓	✓ ✓ ✓	✓	<ul style="list-style-type: none"> Secured approval for EE multi project financing program in PRC Secured approval for wind and ultrasupercritical projects in India Pursuing other RE opportunities in India (e.g. wind project with Tata Power, rural RE power development) Developing wind projects in Pakistan, Philippines, hydro in Sri Lanka; and 750 MW hydro in Nepal 	<ul style="list-style-type: none"> Implement EE multi project financing program in PRC Project implementation Continue project development Continue project development
RSDD	✓ ✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓ ✓ ✓	<ul style="list-style-type: none"> Maintains a team of experts to support Energy Community of Practice activities under EEI Worked with OCO to establish and operationalize CCF and CEFPF Developed and circulated draft framework for estimating, designing, monitoring, and evaluating CE projects; established ADB's baseline for CE investments through 2003–2007; tracking CE pipeline through 2008–2010 Organized the Asia Clean Energy Forum 2008 Working with other MDBs to establish the Climate Investment Fund (CIF) Secured approval for Energy for All RETA Secured approval for new RETA to expand EEI coverage to cover 6–7 new next-priority DMCs 	<ul style="list-style-type: none"> Support operations departments with technical expertise for CE project development Maintain support to CCF and CEFPF operations Continue tracking of CE investments; develop framework for estimating ADB's carbon footprint Support regional knowledge-sharing Participate in MDB meetings on CIF Implement Energy for All Work with operations departments to implement new EEI RETA
SARD	✓ ✓ ✓ ✓ ✓	✓	✓	<ul style="list-style-type: none"> Finalized EEI inception report for India Completed power supply assessment study for State of Assam Assisting GAIL India Ltd on clean development mechanism application for EE projects in natural gas subsector; Completing project eligibility review Working with state governments to establish Energy Conservation Funds (ECF) Exploring IGCC and RE opportunities in India Developing EE opportunities in Bangladesh and Sri Lanka 	<ul style="list-style-type: none"> Identify EE project developers Develop EE project opportunities based on Assam study findings Complete project eligibility review and prepare project design documents Secure approval for ECF assistance for Madhya Pradesh Continue project development Continue project development
SERD	✓ ✓ ✓ ✓ ✓ ✓	✓	✓	<ul style="list-style-type: none"> Completed EE market assessments for Indonesia and Viet Nam Completed assistance to Viet Nam for the 7th draft of the proposed EE and energy conservation law (with EEI support); Securing TA approval to assist implementing national EE program in industrial sector with TA funding from Spain and France. Implementation commenced. Completed fact-finding and appraisal missions for pilot EE project in the Philippines. Developing EE, RE and CF projects in Cambodia, Indonesia, Lao People's Democratic Republic and Viet Nam Initiated TA for municipal EE in Thailand 	<ul style="list-style-type: none"> Identify EE project developers (e.g. Directorate General for Electricity and Energy Utilization of Indonesia, Electricity of Viet Nam) Monitor Prime Minister's submission of proposed law to National Assembly in early 2009 Monitor TA implementation Implement advance procurement action; Secure approval for loan assistance Project preparation Secure TA approval

ADB = Asian Development Bank; CE = clean energy; CEFPF = Clean Energy Financing Partnership Facility; CF = cleaner fuels; CFL = compact fluorescent lamp; CIF = Climate Investment Fund; CWID = Central and West Asia Department Infrastructure Division; DER = Department of External Relations; DMC = developing member country; EAEN = East Asia Department Energy Division; ECF = energy conservation fund; EE = energy efficiency; EEI = Energy Efficiency Initiative; EPP = efficiency power plant; ESCO = energy service company; IGCC = integrated gasification combined cycle; MDBs = multilateral development banks; MFF = multi-tranche financing facility; MW = megawatt; OAS = Office of Administrative Services; OCO = Office of Cofinancing Operations; OGC = Office of the General Counsel; PARD = Pacific Department; PLCO = Pacific Liaison and Coordination Office; PPTA = project preparatory technical assistance; PRC = People's Republic of China; PSOD = Private Sector Operations Department; RE = renewable energy; RETA = regional technical assistance; RSID = Regional and Sustainable Development Department Energy, Transport and Water Division; SAEN = South Asia Department Energy Division; SCAF = Seed Capital Assistance Facility; SEID = Southeast Asia Department Infrastructure Division; TA = technical assistance; T&D = transmission and distribution