



**ADB Energy Policy Review: Summary of Comments from Stakeholders**

This document contains a summary of key issues raised by stakeholders during ADB's Energy Policy review consultations held up to 30 June 2021. The revised draft policy responding to these comments will be posted at the same time it is sent to ADB's Board of Directors for review and guidance.

- ESG: environmental, social and governance
- FI: financial intermediaries
- LNG: liquified natural gas
- LPG: liquified petroleum gas
- LTS: long term strategy
- MDBs: multilateral development banks
- NDCs: Nationally Determined Contributions
- PA: Paris Agreement
- PPAs: public private partnerships
- RE: Renewable Energy
- SMEs: small and medium sized enterprises
- SPS: ADB's safeguards policy statement
- T&Ds: transmission and distribution
- W-t-E: Waste to Energy

	<b>Developing member countries (DMCs)</b>	<b>Other members</b>	<b>Civil Society Organizations (CSOs)</b>	<b>Energy Experts</b>
<b>General/SDGs/Paris Agreement/NDCs/Just Transition</b>	A good energy policy should be a pragmatic one responding to the different needs of different DMCs.	The Energy Policy review is an opportunity for ADB to be a leader and catalyst for the low carbon transition in the region. The final policy should be more clearly structured and articulated as a policy document, with clear statements of what ADB's policies are.	What is ADB's overall climate impact? Would you put a cap on the operation? Would ADB consider portfolio tracking? The draft does not mention 1.5° C goal which should be incorporated in the policy. The Energy Policy should have reference to SDG 13, in addition to SDG 7.	These five guiding principles make good sense, but they are not new, could be the same 10 years ago. Need to insert a new principle: Embracing innovation as the new avenue to meeting the challenges.

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<b>General/SDGs/Paris Agreement/NDCs/Just Transition</b>	The draft policy lacks balance and even over-rides several crucial provisions of Paris Agreement to which all ADB member countries are signatories.	We want to see specific objectives, commitments, and timelines. e.g., how many DMCs are working on phasing out fossil fuel subsidies, the amount of REs ADB is going to support, the timeline to phase out gas.	How the document can be shaped aligning with Paris Agreement, making sure it links to NDCs and how that can be strengthened? What are the interventions to help other countries to achieve NDCs? How will ADB reflect IEA's new net-zero roadmap report in the energy policy? ADB should commit to reviewing the Energy Policy by 2023, to assess whether its implementation has achieved results in line with the 1.5°C goal of the Paris Agreement.	The Energy Policy should well aligned to member states' collective desire, grounded with DMC's realities, and sufficiently forward looking. The key to the Energy Policy is to meet energy demand, with high reliability & efficiency, and low carbon footprint. Demand growth is the fundamental context, without this context, the energy policy review risks becoming a climate policy review.
	The paper suffers from frequent recourse to incorrect/ incomplete technical perspectives, such as referring to costs of renewables without any reference to system costs, which are quite significant.	ADB should announce the target for Paris alignment as early as possible, noting ADB's climate financing number is low compared to other MDBs. We want to make sure 100% 1.5 C Paris Alignment by 2023 and call on ADB's leadership and commitment. Also want all countries commit to net zero in mid-century. This is not strongly stressed in the draft.	The EBRD will develop Country and sector specific pathways to assess Paris Alignment of Projects against these benchmarks. Does ADB have similar plans to develop such pathways, what would be the scenario they are based on and how will that impact the Paris Alignment process? The shadow carbon price needs to be updated. We recommend \$100 as the base price to achieve the Paris 1.5C goal.	The region is on track to achieve universal electricity access by 2030, but it is unlikely to achieve clean cooking access by that time scenario. Currently 40% population without clean cooking fuels. It will be good to address this in the energy policy. Asia has high electrification rate for households. However, minimum energy consumption and reliability should be promoted to support economic growth.
	Each country should have its own low carbon transition path as prescribed in their NDCs.	NDCs are not ambitious enough in some countries, how will ADB help DMCs raise their climate ambition?	The private sector not eager to invest in RE in emerging countries, how can the energy policy ensure that private sector invests in RE in emerging markets?	Energy access including clean cooking, but affordability is a big issue to be addressed in the policy.

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<b>General/SDGs/Paris Agreement/NDCs/Just Transition</b>	The Paris Agreement does not include the idea of all DMCs committing to net zero in mid-century. Article 4.1 states “...recognizing that peaking will take longer for developing country Parties...” and 4.3. the plans of DMCs can “reflect its common but differentiated responsibilities and respective capabilities, in the light of different national circumstances”.	How can we use the money to green the entire system and build the green resilient market? And how can green finance be affordable? How to leverage ADB’s financing (\$80B/10 years)?	ADB must specify clear targets and timelines for its contribution to achieving energy access for all, including sub-targets for gender and vulnerable groups. ADB should communicate and report on these targets in an open and transparent manner.	Notions on transition with ambitious targets, but the energy policy should be centered on people. It will be very difficult for DMCs to move to 100% RE, even for China and Indonesia. We need to face the reality in a humane way.
	The policy needs to be flexible to have differentiated strategies for different countries. If ADB’s energy policy is extremely prescriptive, then DMCs will go on with their business without ADB – probably in a high emission way, and ADB will become irrelevant.	The ceiling of carbon footprint for the bank is not mentioned in the draft. It’s important to have an overall ceiling.	ADB’s energy lending policy should allow for locally-tailored approaches to the climate crisis, based on a DMC’s fair and equitable share to the global climate response. The Draft did not adequately address the need to inform/engage/consult/empower local communities in planning RE/resilient projects. Some of the language on inclusive, gender, indigenous, equality can be improved. Gender equality is not adequately considered in the draft. Gender equality should include other sexualities.	Notions on transition with ambitious targets, but the energy policy should be centered on people. It will be very difficult for DMCs to move to 100% RE, even for China and Indonesia. We need to face the reality in a humane way.
	ADB can support DMCs on NDCs but responsibility those NDCs should be determined by sovereign countries. ADB should support implementation of current NDCs which can help them to enhance their NDCs.	To what extent ADB’s policy refers to science-based pathways. Some grey areas (e.g. natural gas) should be avoided. Country specific pathways: ADB should think carefully about pathways and approaches, especially when NDCs are not aligned with pathways.	In emergency projects and projects classified as high or substantial risk, ADB should use an independent specialist to identify sensitivities around marginalized individuals or groups, including children, women, LGBTQI individuals, and persons with disabilities.	Specific strategies for DMCs are important and it’s important for ADB to help DMCs to achieve targets step by step. We will be ambitious but also cautious in developing plans – hope that this can be reflected in the Energy Policy.

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<b>General/SDGs/Paris Agreement/NDCs/Just Transition</b>	ADB should focus on the objectives but open on the actual pathways to achieve the goals. We should focus on the end emission outcomes rather than particular technologies.	How ADB can ensure upper middle income countries to lead low carbon transition?	Is ADB considering prohibiting some activities in sensitive regions/areas as part of the Energy Policy? ADB should consider how its support to borrowing member countries in the upstream energy planning and project selection processes could integrate best practices of inclusive, participatory citizen involvement, including ensuring gender parity.	Suggest section on Just Transition to be expanded: Coal power has been in the social economic systems, it's impossible if we cannot provide solutions to people working in that industry. Re-skilling is not good enough, it must be linked with incomes and alternative jobs.
	We don't want people to choose between growth and clean energy. Energy is important to reduce poverty.	ADB has overlapping countries with other MDBs (e.g. central Asia with EBRD), can consider aligning shadow carbon price with other MDBs, to avoid inconsistent signals.	We suggest that dispersed private sector/financial intermediary modalities not be promoted as a means to financing operations in fragile and conflict-affected states, given the lack of clear ways to ensure transparency and compliance with safeguards.	We need to have energy security as the corner stone of the energy policy. People will not close coal power plant until they are confident that the replacement capacity is there to ensure high reliability.
	The climatic changes and seasonal fluctuations suggest that reliance on one source of energy is best avoided. Therefore, the energy demand of the countries would need to fall back on fossil fuel-based power generation at certain times.	Whether to support an operation or not should be linked to a credible NDC and LTS for decarbonization by mid-century.	ADB needs to ensure consistent application of its access to information policy. In advance of stakeholder engagement activities, disclose project information, including stakeholder engagement plans, in local and official languages and formats that will help marginalized stakeholders access and understand project information.	While ADB takes differentiated approaches to help DMCs, time-bounded targets are particularly important to meet PA goals: how timelines of carbon neutrality are determined. How ADB can help?
	The price sensitive nature of Asian energy market due to poverty may be appreciated. Hence, merely talking of green energy without internalizing the overall price of energy is unlikely to succeed.	Impacts on and managing biodiversity should be strengthened in the energy policy.	ADB should integrate human rights language in its Energy Policy and ensure further strengthening and policy coherence with other relevant policies, including the safeguard statement. ADB must uphold human rights and ensure its energy lending does not worsen inequality.	Repurposing coal power to support RE integration might be cost-effective, with the just, affordable and security considerations.

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<b>Fossil Fuels</b>	We believe a differentiated approach be applied, and consider supporting efficient coal power if it is consistent with DMCs' NDCs. Transition from coal to renewable energy should ensure system reliability. We do NOT support "one size fits all" approach regarding new coal power generation.	The criteria of financing gas should be straighter (some of the conditions mentioned in the draft on gas can still be seen as open for interpretation).	Are there any plans in the policy to phase out gas facilities with a timeline? Do you plan to include assessment of methane leakage?	Need to be fair to fossil fuels: they have contributed to energy access. Without them, the energy access is even worse.
	The low carbon transition is a gradual process, in which process natural gas can play an important role in low carbon transition and energy access in DMCs, ADB should be much more positive and proactive in supporting natural gas, with less stringent conditions.	ADB's support for natural gas or fossil fuel related investments must be predicated with an overall credible transition to a decarbonized future state and net zero emissions by the middle of the century as well as the removal of fossil fuel subsidies.	Guidance note on gas: can we see the draft and give you feedbacks? There are less details in the policy. Can gas lending be more restricted and targeted e.g. cooking?	Given the reality of DMCs, ADB should consider introducing flexibilities on fossil fuels. Natural gas should not be simply treated as a fossil fuel, and all the conditions provided in this para 87 are way too many. ADB should consider DMCs' realistic conditions to formulate its gas financing policy, not just to follow EIB's policy.
	There is no recognition that to meet their development ambitions the DMCs need high industrial growth and the industrial load is likely to continue using coal as solid fuel and even necessitate additional coal production domestically.	Need to clarify on midstream oil (e.g. refineries) because the draft policy is silent on this.	How can ADB make sure that non-sovereign projects will also exclude coal and other fossil fuel? The Energy Policy is not clear on the private sector investment and FI.	Using what DMCs have with confidence can be a good strategy. With existing coal power plants, some selective investments can help the transition. Mix-fired coal (e.g. ammonia), CCS can be options of removing coal, should be considered
	A large part of population and many SMEs in some DMCs are dependent on the coal mining activities. There is a serious concern of job loss and industry closure when coal mines and related activities are backed down. The solutions on an energy policy strongly depend on regional contextual factors and must be adopted individually, as no single blueprint for a socially acceptable coal phase-out exists.	The pathways to phase out fossil fuel need to be clarified, as this is not completely clear in the draft. The end dates of downstream decarbonization are important.	ADB should cease funding any LNG projects - the bank will contribute to carbon lock-in and the risk of stranded assets. Accounting all methane lost and CO2 emissions, plus health impacts, few LNG project would make sense.	It's important to discuss PPAs, coal retirement and restructuring current assets in the energy policy. More innovative PPA structures are needed to avoid problems. Flexibilities are needed in the future. Therefore, we need bankable PPAs with physical flexibilities.

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<b>Fossil Fuels</b>	Regarding existing coal, we are of the view that transition from coal to renewable energy should ensure system reliability.	As a general principle for MDBs, no way and no longer to support fossil fuel systems, exceptions can be made for poorest countries on downstream gas until 2025.	We urge the ADB to include ADB-financed coal projects in the rapid and planned coal phaseout, including the Jamshoro coal plant, which is still an active loan project.	Natural gas infrastructure can be used for low carbon gases they will not necessarily become stranded assets.
	For those new coal-fired power plants which conform to the emission reduction targets, laws and regulations, as well as technological environmental protection standards of host countries, ADB should continue to provide finance.	Criteria for gas: it needs to ask whether it is for a long-term strategy or for a project in which the exercise might become mandatory just for ticking the boxes. RE should always be the first choice and this should be reflected in the guidance note. Gas can have a transitional role but must be the overall plan of phase out and net-zero by 2050.	ADB should fully withdrawal from financing all fossil fuel projects -- including midstream and downstream gas financing and support -- through technical assistance grants, associated facilities, and policy advice. This should then also be extended to indirect investments through financial intermediaries or other financial modalities.	
	ADB should be much more positive and proactive in supporting natural gas, with less stringent conditions.	Some languages on oil can be stronger. We believe that there is not enough clarity on ADB's position in the draft. Fossil fuel technologies (mainly gas): need clearer criteria, the commitments need to be clearer and firmer.	Fossil fuels still feature strongly in the draft with a continued focus on gas, in particular as the listed conditions for ADB to finance gas projects are vague, leaving potential loopholes for unabated support for gas to continue.	
	For those fossil fuel projects under implementation, ADB should ensure stability and liquidity of its funding resources.	Least-cost energy assessment: details of cost, methane leakage etc. should be considered, life-cycle assessment, including the decline of RE costs. ADB should make sure that we don't put DMCs in the position of facing stranded fossil fuel assets.	The policy's coal exclusion should explicitly cover all forms of ADB support, both direct and indirect, including technical assistance, policy-based lending and financing through financial intermediaries.	

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<b>Fossil Fuels</b>	In some DMCs fossil fuels are still going to play important roles, in particular gas will be important in the transition. The proposed conditions on fossil fuels are too stringent.	The No.1 focus for ADB should be to support DMCs planning to retire fossil fuel. Need clarity in investments in existing coal power plants. Emission control technologies can be highly expensive and prolong the plant life, need more clarities on that. Unless 100% emission can be controlled, we do not want to see this type of project.	If the ADB will not fully bar gas finance, it should implement a combination of conditions that limit it to rare exceptions like many of its peer organizations, including a climate test that requires showing alternatives to gas are not viable rather than just more expensive, strict emissions standards of 250 grammes of CO2 per kilowatt-hour or less for power generation, and a shadow carbon price in line with the upper end of the High-Level Commission on Carbon Prices. ADB must publish its gas guidance note as part of the energy policy review.	
	Gas will be important and necessary for transition in Asia. Conditions on gas are too stringent comparing with other financial institutions . In particular, Conditions (i) and (v) are the strictest among financial institutions.	ADB should include gas conditions based on country income levels. Differentiated approaches for LNG/LPG projects can be supported with strict conditions.	ADB must publish the name, sector and location of all high and medium risk projects it supports through FIs, to enable public tracking and assessment of ADB's fossil fuel commitments.	

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<b>Fossil Fuels</b>	If gas pipeline financing conditions are too strict, it can prevent the coal to gas transition therefore result in high emission coal power plant lock-in for a long time.	Oil trading facilitation is considered Enabling Activity – ADB should consider limiting this in the energy policy.	The energy policy should explicitly remove considerations related to reliance on fossil fuels for last mile energy access, as it is not an appropriate solution for local economies to rely upon given the price volatility and lack of guarantees of consistent, affordable access. ADB should include specific financing targets for community and publicly owned distributed renewable energy and metrics to ensure these projects promote decent work and affordable energy. The policy must directly allow direct grants and concessional finance for DMC governments to own and operate integrated renewable energy systems.	
<b>Sector Reforms/Cross-sectoral approach</b>	Most Small Island Developing States (SIDS) have relatively high levels of energy access and RE. They still require support including institutional and regulatory reform, energy efficiency and T&Ds.	Suggest clear approaches in the policy to promote energy sector reforms	Carbon markets. Paris Agreement Article 6 is important – how will that influence the energy policy?	Cross sectoral approach is important, hope that there will be programs or packages addressing multi-sectoral issues. Moreover, Integrated solutions should not be limited to cross sector, but within a geography and across geographies.
		How to ensure regulatory scheme to enable investors to recover cost from investing in resilience? The 5-year horizon for review may cause uncertainty - are there risks for investors due to policy reversal?	ADB's energy lending policy should allow for locally-tailored approaches to the climate crisis, based on a DMC's fair and equitable share to the global climate response. Some countries seem to have difficulties to integrate high proportion of REs, are there urgent needs to work on policy reform to support RE?	How to de-risk investments in the energy sector, need to bring bankable PPAs. This is significant to bring investments and enable competitive procurement.

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<b>Sector Reforms/Cross-sectoral approach</b>		The energy policy can include clear expectations for the private sector participation, further increase private climate finance and clear measurements. Role of FI can be explicitly described in the policy.	ADB should support and assist DMCs in assessing the long-term impacts of privatization and deregulation in their energy sectors, and avoid supporting the liberalization, unbundling or privatization of electricity systems in its technical assistance.	Need policies to incentivize consumers to use behind-meter storage systems for energy efficiency and distributed renewable energy.
		ADB should help DMCs to phase out inefficient subsidies and adopt realistic prices. Vulnerable people can be targeted directly if needed.	There is little reference to public-private Partnership in the energy policy. We need more resource to help the most vulnerable people in remote areas. ADB should require an energy access options analysis, with clear guidelines, to ensure the needs of vulnerable groups and 'last-mile' communities are prioritized. Financing mechanisms should focus on affordability and reach for those most vulnerable, rather than a bias for private sector and market-based options.	ADB should put more emphasis on the role of power distribution network.
			When engaging with institutions and framing policy reforms, ADB shall follow paragraph 47 of the SPS, comply with existing international and national laws, regulations and policies including SPS requirements, whichever is stringent.	
<b>Clean Energy (RE and EE), Waste-to-Energy (W-t-E), Emerging Technologies (hydrogen, CCUS), Nuclear</b>	Suggest ADB to expand supports hydropower, particularly small hydropower in DMCs, while ensuring protection of biosystems.	The question is what can be invested in with ADB's limited resources. ADB's resource is limited and should be used for clean energy.	ADB should more explicitly offer support for appropriately-scaled, non-resource intensive renewable and locally managed electrification options, consistently integrating this priority into the policy.	Hydrogen is not a primary energy source, it is essential that cheap REs available on large-scale. Hydrogen is an expensive source and should be limited in scope.

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<b>Clean Energy (RE and EE), Waste-to-Energy (W-t-E), Emerging Technologies (hydrogen, CCUS), Nuclear</b>		Waste to energy projects need to be considered holistically as part of an overall ADB approach to waste minimization and management.	Large hydropower issues are not sufficiently reflected in the draft. Given ADB's limited resource, suggest removing large hydro from "sustainable hydropower". ADB should stop funding any new greenfield hydropower plants; but support rehabilitation of old hydropower plants.	Asia will be an important source of both supply and demand for advanced nuclear technology. ADB should begin by building a pilot analytical unit to keep up with advanced nuclear power for its clients.
		How will ADB give effect in practice W-t-E prudently follows the waste management's order of priority, What complementary ADB policies will ensure that this is followed?	ADB should define specific financial instruments that would allow local communities, municipalities, public owned institutions, etc. to access finances for renewables development.	CCUS is not a neutral technology. Place to store carbon can be problematic. Because we are constrained with money and time, we should focus on RE which is the cheapest now.
		Some minerals are important for energy transition, ADB energy policy should deal with related supply risks and environmental impacts	For energy access, the ADB should include specific financing targets for community and publicly-owned distributed renewable energy, and metrics to ensure these projects promote decent work and affordable energy for all.	
		With new investment in hydropower, what are the plans to look at alternative energy sources? How can hydropower be working with other renewables?	ADB mis-categorized waste as a source of renewable energy. Waste is neither truly renewable nor a low-carbon energy source. W-t-E is carbon intensive and not renewable. W-t-E plants failed in US and EU in energy generation and financially. Thermal W-t-E is the most expensive way of removing wastes from landfill.	
		Can SMR (small modular nuclear) play a role in the long-term policy given the recent technology development? The next draft can include some clarifications on ADB's position on nuclear power.	The impacts of W-t-E on health, environmental & social aspects should be considered. The impacts should be avoided, mitigated and compensated.	

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<b>Clean Energy (RE and EE), Waste-to-Energy (W-t-E), Emerging Technologies (hydrogen, CCUS), Nuclear</b>			ADB should not finance W-t-E projects that violate international conventions and national laws & regulations. ADB should exclude W-t-E incineration and other thermal-based technology from the ADB Energy Policy. The only W-t-E technology that may be permitted is biochemical, particularly anaerobic digestion.	
			Critical minerals - does ADB have policies around the mining of minerals in the context of ESG, making sure that stringent standards being met.	
			There is a focus on digitalization but not much about cyber security – need dedicate technical assistances in this field.	
			ADB should withdraw from CCS/CCUS support at this time, given the reliance on unproven and expensive technologies that divert public finance away from a just transition and viable renewable energy options.	
			ADB should stop funding any new greenfield hydropower plants; but support rehabilitation of old hydropower plants.	
<b>Stakeholder Consultation Process</b>			The development of the energy policy should be in “a transparent and inclusive process engaging all affected stakeholders”, in line with best international standards and practices that allow stakeholder’s views to be heard, addressed and integrated in the final policy document.	

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Stakeholder Consultation Process			To ensure full participation for civil society groups that may risk reprisals for giving input, submissions via a digitally encrypted platform should be enabled on the ADB's website.	
			Will the next version be made publicly available, including translations into Bengali, Hindi, Urdu, Bahasa, Tagalog, and Russian?	
			Communications can be improved: the website can include comments, how concerns are addressed, stages of the progress, etc. Guidance notes also should be disclosed for consultation.	