ASEAN Centre for Energy
One Community for Sustainable Energy

Turning Energy Efficiency Opportunities into Investment-Ready Pipelines

ASEAN Energy Efficiency Investment: Trends, Untapped Opportunities and the Pipeline Challenge

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Rio Jon Piter Silitonga
Senior Officer
Energy Efficiency and Conservation Department

Demand keeps rising — efficiency is the lever, capital is the constraint

Without further action, ASEAN TFEC reaches ~1,090 Mtoe by 2050; national policies cut it by a third — delivering that requires closing the investment gap

USD 100+ bn

invested in ASEAN energy, 2025 (IEA)

USD ~170 bn

investment gap to 2030 (ACE)

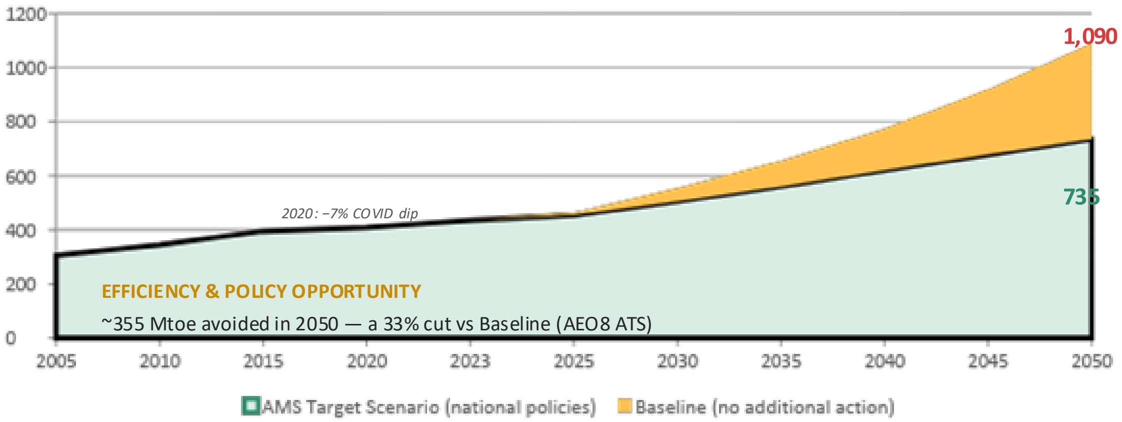
–33%

TFEC vs Baseline by 2050 under national policies (AEO8 ATS)

25.5% → 40%

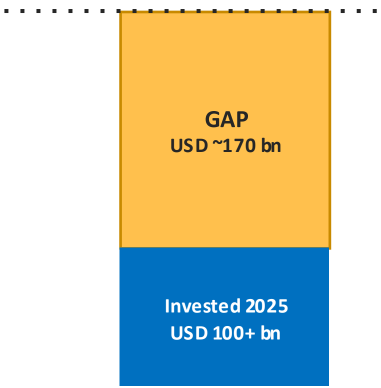
intensity cut achieved by 2023 vs APAEC 2030 target

ASEAN Total Final Energy Consumption, Mtoe — AEO8 scenarios



The capital ask

Required to 2030: USD ~270 bn

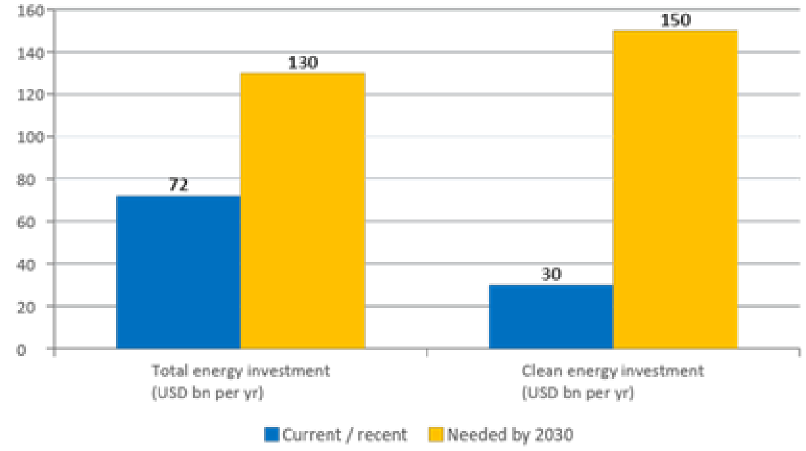


Sources: ACE, 8th ASEAN Energy Outlook (Baseline: TFEC reaches 2.6× the 2022 level by 2050; ATS 33% lower than Baseline; ATS TFEC ≈735 Mtoe by 2050 per ACE AEI 2024; −7% TFEC in 2020; intensity 24.5% by 2022, 25.5% by 2023); APAEC 2026–2030 (40% intensity target); IEA (ASEAN energy investment >USD 100 bn, 2025); ACE, ASEAN Energy in 2026 (USD ~170 bn gap to 2030). Assumptions: 2022/2023 TFEC ≈420/435 Mtoe derived from stated ratios; intermediate years interpolated for illustration.

Investment trends: where capital flows — and the scale-up needed

EE spending grew +14% in 2021–22, concentrated in buildings and industry — yet clean-energy investment must still rise ~5× by 2030

Annual investment: actual vs required (USD bn)



Gap markers: USD 170 bn transition-investment gap to 2030; USD 95.5 bn RE gap 2021–30; SE Asia draws ~3% of global energy investment vs 9% of world population.

Where EE investment is most attractive

Buildings	~23% of ASEAN TFEC; building energy use +50% by 2050 — retrofit demand locked in by new mandates (SG, MY, ID, PH)
Cooling	10% → ~30% of regional peak demand by 2035; 300 TWh absent action — MEPS tightening across AMS toward CSPF 6.09
Industry & SMEs	Still coal/gas-reliant; 1–3 yr paybacks on motors, compressed air, heat recovery — MY NEEAP 2.0 alone costs a RM 7.1 bn industry pipeline
Transport → EV	USD 15–20 bn committed across the ASEAN EV value chain in 2025; EV market USD 2.7 bn by 2027

Takeaway: Buildings and cooling are where demand growth, new mandates and short paybacks converge — the natural anchors for investment-ready pipelines.

Sources: ACE, ASEAN Energy Investment 2024 (EE spending +14% 2021–22, focused on buildings & industry; USD 30 bn clean energy 2021 vs USD 150 bn/yr needed by 2030; RE gap USD 95.5 bn; EV market USD 2.7 bn by 2027); IEA WEI 2024 (USD 72 bn/yr avg, >USD 130 bn/yr by 2030, APS); IEA SEAEO 2026 (3% vs 9%); ACE, ASEAN Energy in 2026 (USD 170 bn gap; cooling 10%→30% of peak, 300 TWh by 2035; EV value-chain USD 15–20 bn 2025); ACE ESCO Indonesia (buildings 23% of TFEC); MY NEEAP 2.0 (industry pipeline RM 7.1 bn). Scopes combine ASEAN and Southeast Asia as published.

What ACE is doing: matching each barrier with an instrument

From regional frameworks to live transactions — each initiative targets a specific reason EE deals fail to reach financial close

BARRIER	ACE INSTRUMENT	WHERE IT STANDS
Banks see EE as high-risk; savings not accepted as collateral	➡ **GCF–KDB Guarantee Programme (FP196)**	GCF credit guarantee for industrial EE loans in Indonesia, with KDB as Accredited Entity covering up to 95% of loan value; ACE leads pipeline development & technical assistance; participating banks signed (incl. KB Bank Indonesia, MGA 2024) and first industrial ESCO transactions now is structed
No bankable building-retrofit pipeline	➡ **PEEB-ASEAN — Partnership for Energy Efficiency in Buildings**	Regional programme pairing building-EE policy (codes, MEPS, green-building standards) with project preparation and finance, coordinated through the ASEAN TWG on Building
Investors and projects can't find each other; data gaps	➡ **ASEAN-BUILT digital platform**	ACE-launched platform connecting low-carbon, energy-efficient building projects with financing and investment — a single regional entry point for project–capital matchmaking
Small, fragmented deals; high transaction costs	➡ **EE Guidelines + aggregation-based ESCO programmes+ EPC (with SEforALL)**	EE guidelines for industrial parks & SMEs co-developed and disseminated via EE&C-SSN; regional ESCO aggregation framework, standardized EPC/M&V templates and a blended finance facility under design for APAEC 2026–2030

Takeaway: ACE's role is the connective tissue — de-risking capital (GCF–KDB), preparing demand (PEEB, guidelines), and matching the two (ASEAN-BUILT, aggregation).

Sources: GCF FP196 — Supporting Innovative Mechanisms for Industrial Energy Efficiency Financing through Risk Mitigation in Indonesia (KDB/ACE programme records, 2024–26); ACE ESCO Indonesia Country Report (95% guarantee coverage); ACE, ASEAN Energy in 2026 (ASEAN-BUILT); PEEB-ASEAN programme; ACE–SEforALL Potential Areas of Collaboration (May 2026).

AMS success stories: mandate + finance is the winning pair

Every market that scaled paired a binding mandate creating guaranteed demand with a financing vehicle sized for small deals

Singapore

17 → 2,590

Green Mark buildings (2005–25), saving S$1.3 bn per year

MANDATE
Mandatory green-building standards since 2021; '80-80-80 by 2030'

FINANCE
S$63 M retrofit grants; 70%-cost SME EE grant; rising carbon tax

Thailand

≈3 : 1

leverage — EERF financed 294 projects, mobilising ~THB 16 bn

MANDATE
ENCON Act: 9,997 designated facilities under mandatory reporting

FINANCE
Fuel-levy ENCON Fund via 11 banks — now self-sustaining

Malaysia

117%

of NEEAP 1.0 target delivered — 60,886 GWh saved

MANDATE
EE&C Act 2024 in force Jan 2025; NEEAP 2.0: −11.6% vs BAU by 2035

FINANCE
NEEAP 2.0 fully costed at RM 36.6 bn, mostly private; EPC Fund + tax allowances

Viet Nam

>2%/yr

national electricity savings sustained, 2020–2023

MANDATE
VNEEP 3 + Directive 20/CT-TTg mandating annual savings by sector

FINANCE
USD 78 M World Bank/GCF risk-sharing facility (uptake still early: 22% disbursed)

Philippines

PhP 6.78 bn

completed EE investment; ~5,000 establishments reporting

MANDATE
RA 11285: certified energy managers + triennial audits

FINANCE
USD 6.58 bn green/sustainability bonds; USD 220 M IFC loan to Ayala Land

The pattern: where either the mandate or the tailored financing vehicle is missing — Indonesia, Cambodia, Lao PDR — EE markets stay small despite ambitious targets.

Sources: BCA Singapore (Green Mark, SGBMP); UNFCCC/UNEP Thai EERF case study; Energy Commission Malaysia, NEEAP 2.0 (2026-2035); EVN & MOIT/VEPG (VNEEP 3); World Bank VSUEE Mid-Term Review; Philippines DOE (EE&C reports); ACE ESCO Policy Brief. Figures as most recently published; reference years vary by country.

From opportunity to investment-ready pipelines

The proven formula: a binding mandate that creates demand + a financing vehicle sized for small deals

1 Aggregate

Bundle small EE projects into bankable portfolios — regional ESCO aggregation framework, pilots in 2–3 industrial parks under APAEC 2026–2030

2 Standardise

Template EPC contracts, simplified M&V protocols and pre-approved technology packages to cut transaction costs

3 De-risk & finance

Blended finance facility with DFIs and local banks: guarantees, concessional capital, energy-savings insurance, on-bill financing

The ask to partners in this room

DFIs & climate funds

Anchor the regional blended finance facility and extend guarantee capacity beyond Indonesia (scale the GCF–KDB model)

Commercial banks

Recognise energy-savings cash flows in underwriting; join guarantee programmes; lend against aggregated portfolios

AMS & programme partners

Adopt the EE guidelines, nominate 2–3 industrial parks for aggregation pilots, and feed projects into ASEAN-BUILT

Sources: APAEC 2026–2030; ACE–SEforALL Potential Areas of Collaboration (May 2026); GCF FP196 programme records; ACE, ASEAN Energy in 2026 (ASEAN-BUILT).

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secretariat@aseanenergy.org