LEAVING BEHIND ADB'S DIRTY ENERGY LEGACY

Civil Society Critical Reflections and Recommendations

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When the ADB adopted its 2009 Energy Policy, it received varied reception from civil society.

Some credited it for its clean energy agenda and for heeding the strong call for a stricter prohibition on financing for coal mining projects. Others denounced its for its double-talk—recognizing the threat of climate change while making exceptions for certain coal power plants which are “energy efficient” solutions to energy access and security concerns.

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A decade later, ADB takes pride in consistently meeting and even going beyond its clean energy investments targets. Civil society, however, critically reflects on ADB's clean energy agenda but dirty energy legacy.

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ADB's Dirty Energy Legacy

Under its lenient 2009 Energy Policy, the Bank was able to fund renewable energy projects without displacing funding for coal and other fossil fuels. When the Bank's power generation projects in the past decade are measured in terms of installed capacity, fossil fuels comprise 50% of total installed capacity.

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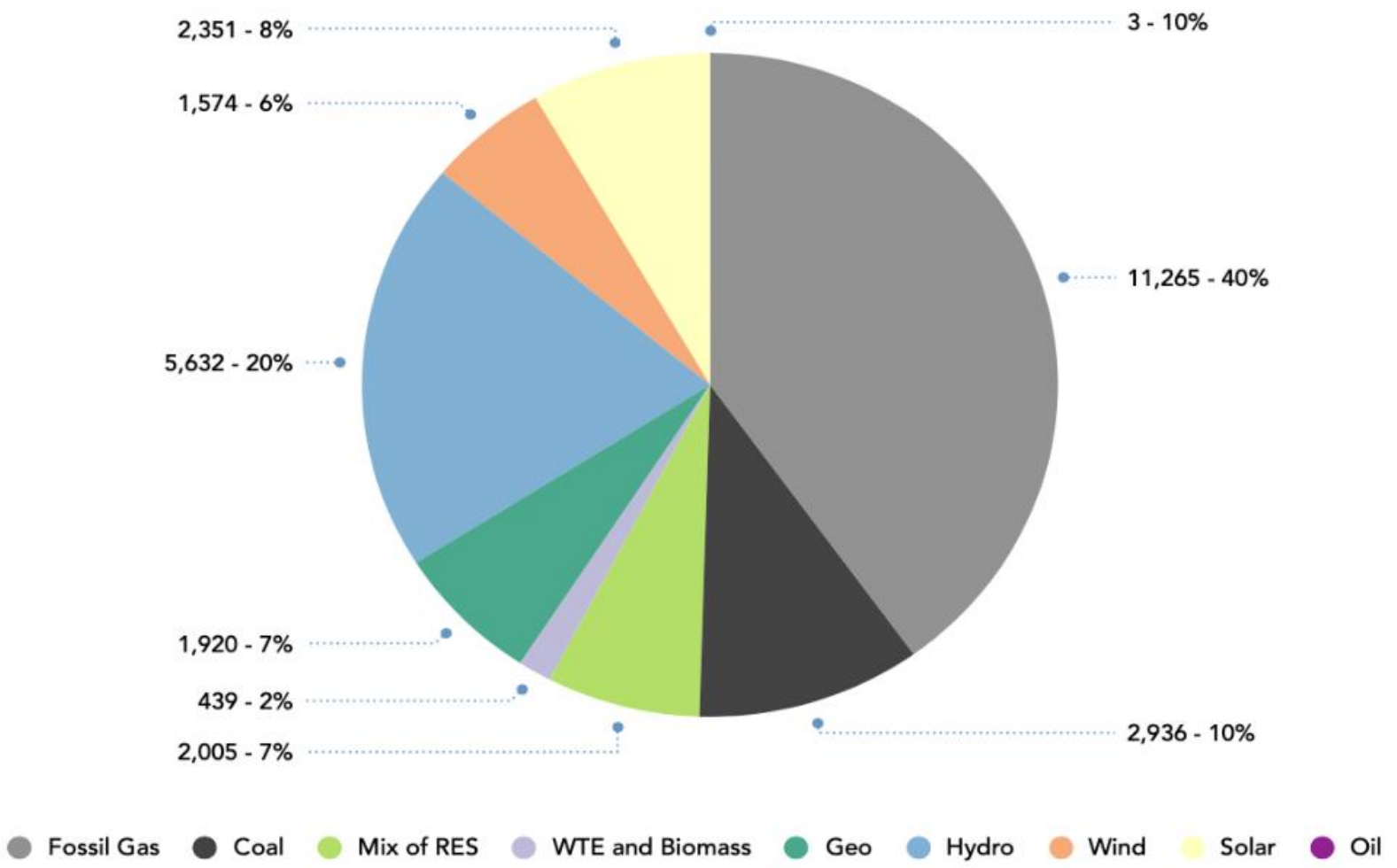

ENERGY PROJECTS BY TOTAL INSTALLED CAPACITY (2009-2018)

ADB's Dirty Energy Legacy

The Bank has contributed to creating the myth of "clean" coal and opening the gateway for new coal technologies in the region. Today, Asia is in fact being cited as a prime example to advance "clean" coal technologies in other countries like the U.S. and Australia.

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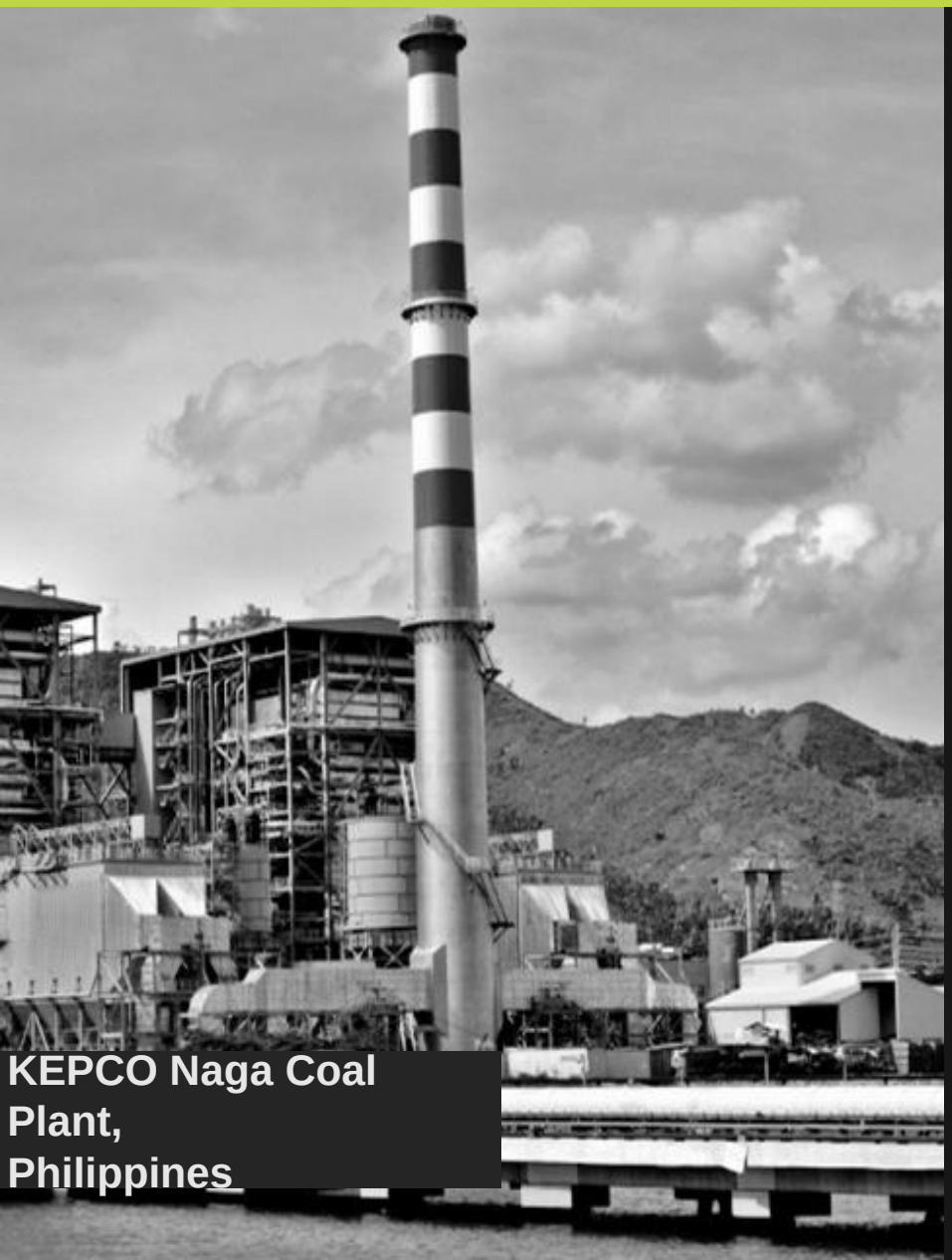
ADB's Dirty Energy Legacy



KEPCO Naga Coal Plant, Philippines

Recycling waste coal for power generation (China, 2009)

Visayas Base-load coal power project (Philippines, 2009)

Mong Duong 1 Thermal power, coal-fired power plant (Vietnam, 2009)

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ADB's Dirty Energy Legacy

Shanxi energy efficiency and environment improvement (China, 2012)

Jamshoro coal fired power generation project (Pakistan, 2013)

Coal to Cleaner Fuel Conversion Heating in Ger District and Power Generation (Mongolia, 2014)

Jamshoro Coal Plant, Pakistan

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With today’s energy landscape, the ongoing climate emergency, deteriorating air quality, progressive new energy policies from other financial institutions, and new viable and affordable renewable energy alternatives, the imperative to decarbonize is clear.

The challenge for ADB in adopting a new energy policy is to make a critical decision regarding its role in this global energy transformation.

If ADB answers the call to decarbonize, its new energy policy should…

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BE PARIS ALIGNED WITH A 1.5°C GOAL:

- Adopt a Paris-aligned policy, instead of merely setting a clean energy or climate agenda.
- Pursue and promote a 1.5°C Pathway or an even more ambitious goal.
- This should be without false solutions such as CCS and energy efficient fossil fuel technologies.

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BE PARIS ALIGNED WITH A 1.5°C GOAL:

- Country partnership strategies (CPS) should also be updated to ensure alignment with the Paris Agreement, and projects should be screened in accordance with CPS and national decarbonization pathways.
- Identify NDC-related opportunities for private actors.
- Use and report more systematically on the impacts of its climate finance.

DECARBONIZE ENERGY SUPPLY:

- End fossil fuel finance.
- Declare a full commitment to stop new investments and to divest from all coal, oil, and gas power generation projects, other related infrastructures, projects across the supply chain, and indirect support through advisory services, technical assistance, or financial intermediaries.
- Systematically account for GHG emissions on a project-level to enhance project screening using a stringent emission performance standard.

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DECARBONIZE ENERGY SUPPLY:

- A stringent emission performance standard should be applied to all power projects, including renewable energy projects.
- Impose a higher shadow carbon price of at least USD 80/tCO2 by 2020 and USD 100/tCO2 by 2030, coupled with a faster and higher rate of increase.
- End fossil gas finance. Any assistance, if at all, should prioritize ensuring that fossil gas projects are purposive transition projects that do not operate beyond what climate science allows.

FOSSIL GAS IN THE PHILIPPINES

The Philippines' Department of Energy dreams of making the country Southeast Asia's LNG hub. Under a Clean Energy Scenario, the Philippines plans to add 18 GW of fossil gas power plants by 2040 along with other fossil fuels, without a clear energy transition plan and 1.5C-aligned NDC.

Table 15. REFERENCE vs. CLEAN ENERGY: TOTAL INSTALLED CAPACITIES AND TOTAL CAPACITY ADDITIONS by 2040, By Fuel (MW) for Milestone Years

Fuel Type	Installed Capacities					Total Capacity Additions by 2040	
	2018	2030		2040			
	Actual	REF	CES	REF	CES	REF	CES
Coal	**8,844**	**18,900**	**17,850**	**31,470**	**18,150**	**22,626**	**10,506**
Oil-Based	**4,292**	**1,993**	**1,993**	**1,993**	**1,993**	**115**	**75**
Natural Gas	**3,453**	**4,760**	**4,620**	**18,240**	**21,660**	**14,787**	**18,207**
Renewable	**7,226**	**25,266**	**26,259**	**38,881**	**50,479**	**34,289**	**45,337**
Geothermal	1,944	1,890	1,890	1,770	2,770	697	1,597
Hydro	3,701	9,247	9,920	9,629	12,302	7,659	9,882
Biomass	258	660	660	660	1,550	402	1,292
Solar	896	11,393	11,393	22,050	24,960	21,154	24,064
Wind	427	2,076	2,396	4,772	8,897	4,378	8,503
Other Technology	**-**	**-**	**-**	**-**	**1,200**	**-**	**1,200**
Total	**23,815**	**50,919**	**50,722**	**90,584**	**93,482**	**71,817**	**75,325**

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PRIORITIZE JUST TRANSITION POLICIES:

- ADB should also create its own energy transition package, similar to the EIB, which will prioritize funding for reconversion of abandoned coal sites, retraining for displaced workers, and other initiatives that will give rise to new employment opportunities.
- ADB should provide DMCs' technical assistance to help them strengthen institutional capacities to formulate just transition policies and strategies, especially in the face of a pandemic.

PROMOTE COMMUNITY MICROGRIDS:

- Community microgrids should be prioritized since they maximize energy access, and are increasingly cost-competitive and bankable.
- As the costs of solar and wind technologies have decreased exponentially and have become competitive with fossil fuel technologies, ADB should be looking into community microgrids as attractive investments that are aligned with meeting DMCs' commitments to the Paris Agreement.

SUPPORT INNOVATIONS AND ENABLING INFRASTRUCTURES:

- Support funding for innovative renewable energy technologies.
- Prioritize upgrading of existing grids into smart grids with increased capacity, in order to maximize the integration of more variable renewable energy.
- Support alternative renewable energy technologies.

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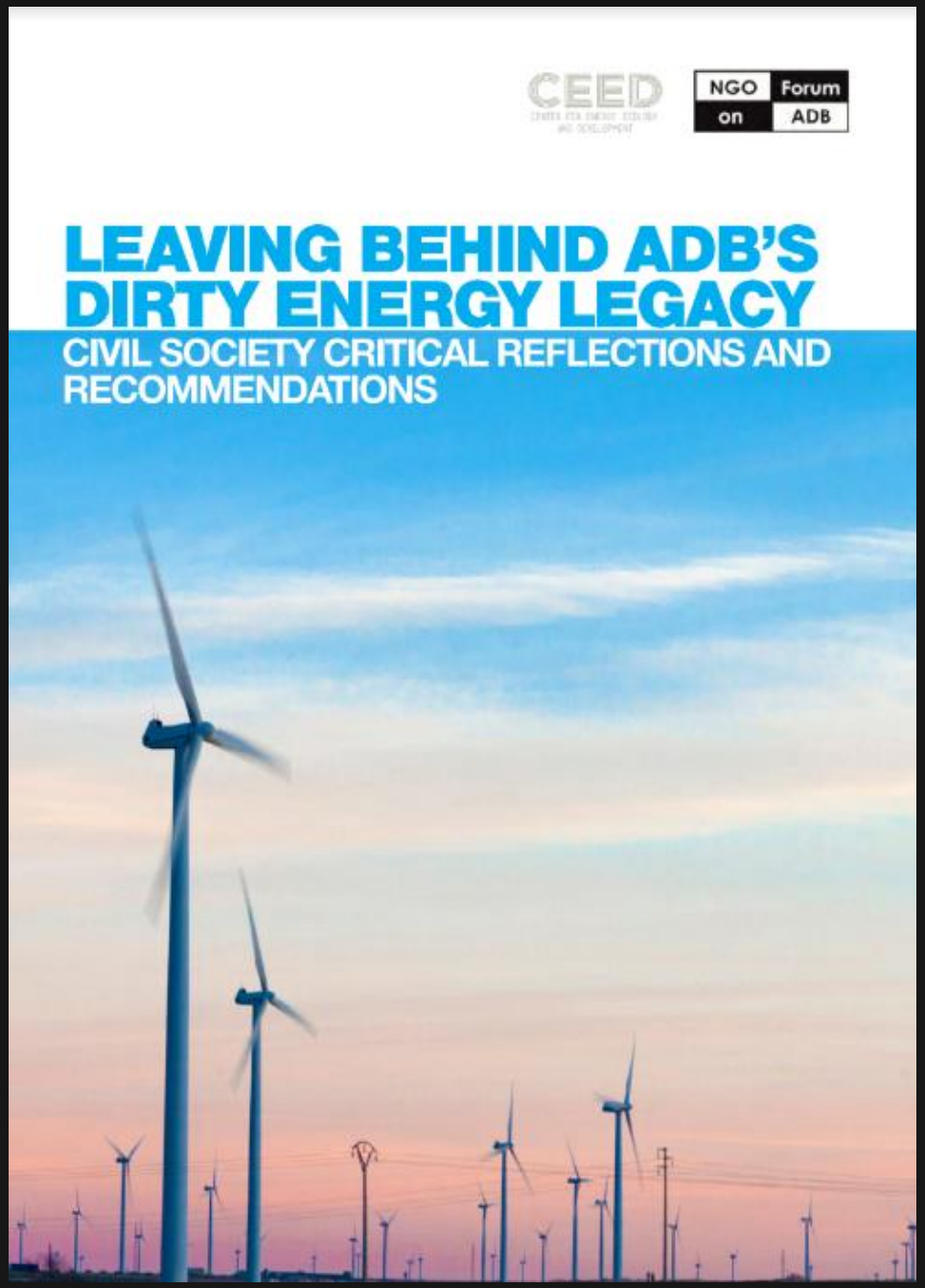

We hope this paper urges the Bank to, firstly, take accountability for its contributions to coal and fossil fuel expansion in the region in the past decade; and secondly, to take a decisive turnaround this decade. The Bank can play a catalytic role in Developing Asia's energy transformation by closing its doors to coal and other fossil fuels once and for all in this critical decade of the climate race.

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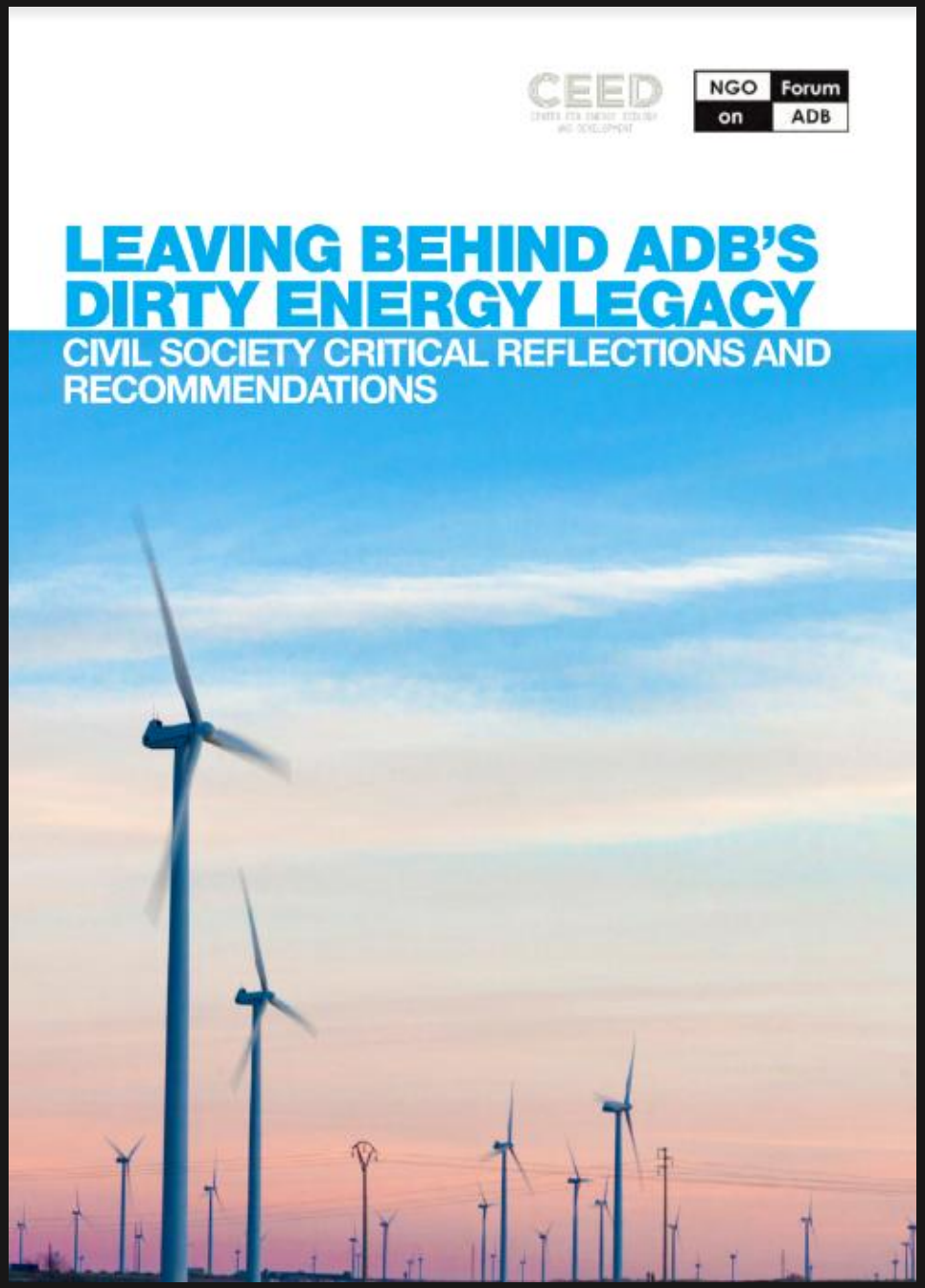

We hope to continue engaging the Bank towards the finalization of a 1.5°C-aligned Energy Policy that meets the converging interests of energy security, affordability, poverty alleviation, local air quality improvement, and the climate race set before us.

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