

ADB Annual Meeting 2017

Civil Society Panel: Decarbonizing ADB Coal Finance by ADB and Japan

May 5, 2017

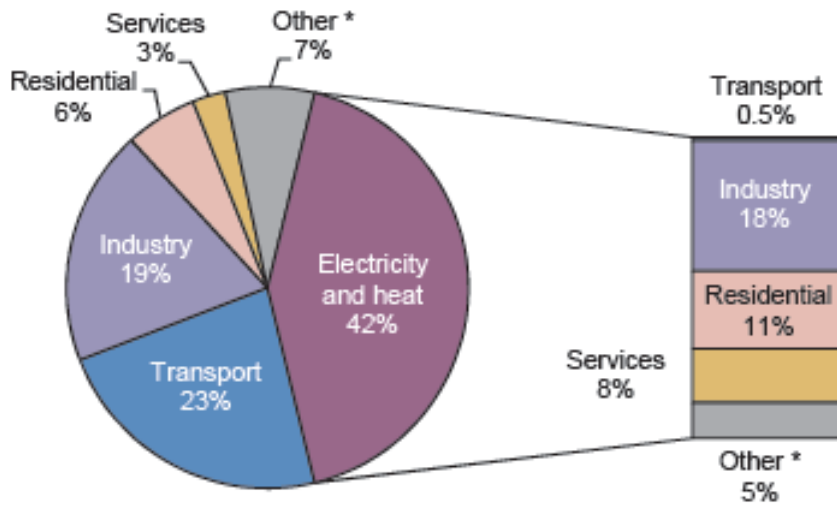
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The largest source of CO2 emission is coal

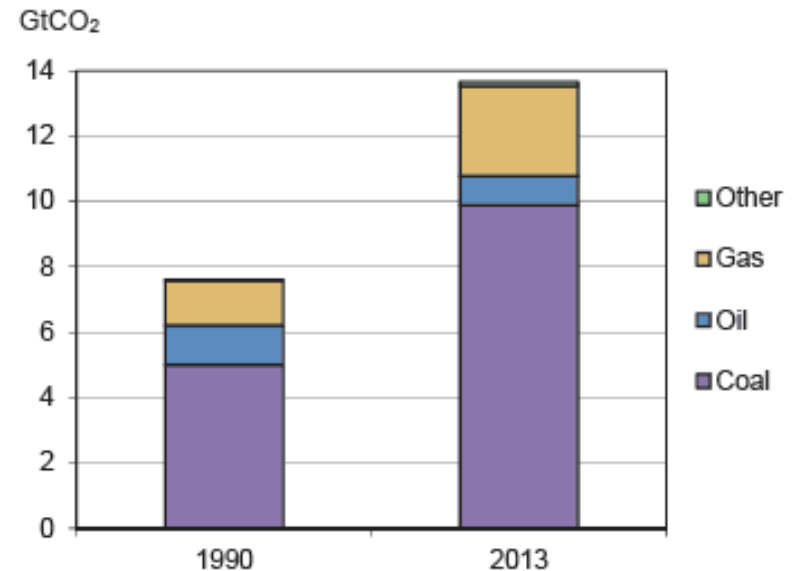
Figure 10. World CO₂ emissions by sector in 2013



Note: Also shows allocation of electricity and heat to end-use sectors.

* Other includes agriculture/forestry, fishing, energy industries other than electricity and heat generation, and other emissions not specified elsewhere.

Figure 11. CO₂ emissions from electricity and heat generation*

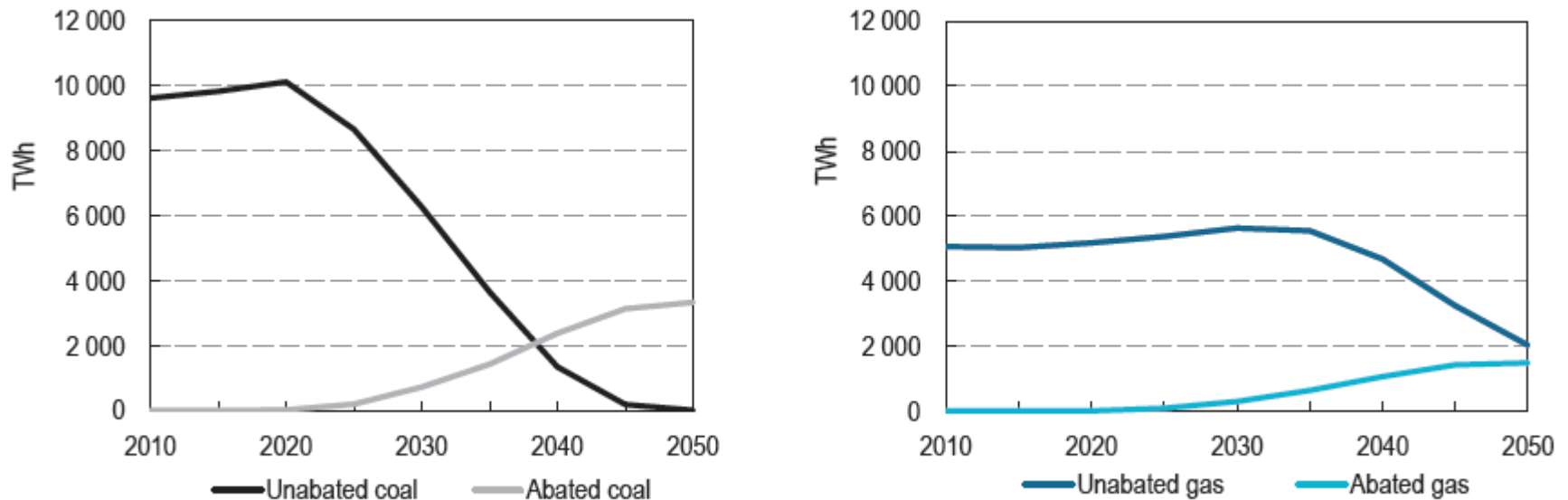


* Refers to main activity producers and autoproducers of electricity and heat.

International Energy Agency (IEA) states that new coal-fired power plant cannot be built, in order to meet the 2 degree goal

Figure ES.3

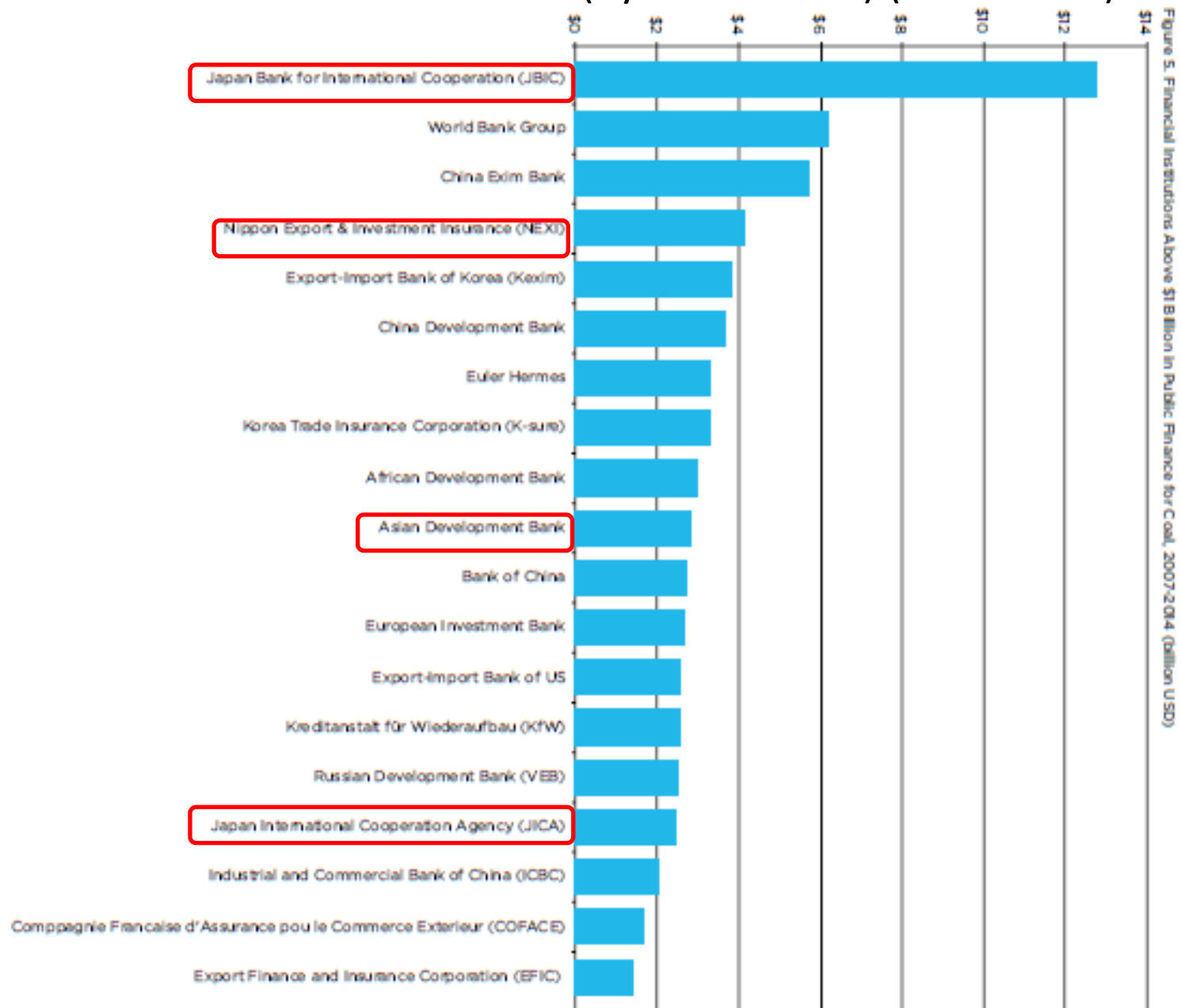
Coal- and gas-fired generation under the 2DS, with CCS ("abated") and without ("unabated")



Note: TWh = terawatt hours.

Source: Adapted from IEA (2016a), Energy Technology Perspectives 2016.

International Coal Finance (by Institutions) (2007-2014)



Regulations on Coal by Public Finance Institutions

- World Bank
- European Bank for Reconstruction and Development (EBRD)
- European Investment Bank (EIB)
- OECD Export Credit Agencies
- US-China Summit
- ADB doesn't have any regulation on coal, since the largest donor Japan doesn't agree to do so.

Coal Finance by JBIC, NEXI and JICA

- JBIC, NEXI and JICA financed 33 coal power projects with a total capacity of 35 GW for the period 2003-2017.
- 10 projects in Vietnam, 8 in India, 8 in Indonesia, etc.
- 4 projects (2 projects in Indonesia, 1 in Botswana and 1 in Mongolia) are currently under their consideration and more proposed projects are expected for their finance in the near future.

Project	Unit No.	Country	Capacity (MW)		Type	JBIC	NEXI	JICA
Morupule B	Units 5-6	Botswana	300	150*2	SUB	Pipeline		
South Kalimantan	Units 5-6	Indonesia	230	115*2	SUB	Pipeline	Pipeline	
Ulaanbaatar CHP5	Unit 1	Mongolia	450	450*1	SUB		Pipeline	
Indramayu	Units 4-5	Indonesia	2,000	1000*2	USC			Pipeline
		Total	2,980					

Jamshoro Coal-fired Power Project

- Dec 2013, ADB approved the Jamshoro coal-fired power project in Pakistan.
- US, Finland, Denmark, Netherlands, Norway, Sweden voted against the project. Austria, Germany, Luxemburg, Switzerland and Turkey abstained.
- However, other EDs agreed, and the proposal was approved.
- After this, ADB has not proposed any coal-fired power project to the Board.

Combined Heat and Power Plant 5 (CHP5)

Table 7.11: Summary of Annual Mean Pollutant Concentrations at Monitoring Stations across Ulaanbaatar ($\mu\text{g}/\text{m}^3$)

Monitoring Station	NO ₂			SO ₂			PM ₁₀			PM _{2.5}		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
UB-02	135.9	165.2	-	24.1	17.5	-	190.4	188.7	-	97.2	88.9	-
UB-03	31	30	-	34	29	-	-	-	-	-	-	-
UB-04	68.8	88.3	-	33.5	20.4	-	187.6	171.1	-	-	56.6	-
UB-05	41.8	48.9	-	55.1	36.1	-	519.6	391.0	-	-	-	-
UB-06	29	43	-	32	74	-	-	-	-	-	-	-
UB-07	42.1	39.5	-	20.1	13.7	-	298.3	178.0	-	-	-	-
UB-08	81.3	46.5	38	7.7	9.5	20	76.9	72.3	105	-	-	-
UB-09	25	25	-	27	23	-	-	-	-	-	-	-
UB-11	25	26	-	30	20	-	-	-	-	-	-	-

Notes: Bold text indicates exceedance of Mongolian standards, Data capture for 2014 UB08 is poor (48% for NO₂, 62% for SO₂ and 57% for PM₁₀) compared to 2013 data where data capture rates are (86% for NO₂, 92% for SO₂ and 82% for PM₁₀) and therefore 2013 data have been used to inform the existing baseline within the study area.

- The proposed location for the CHP5 plant is not appropriate, since the ambient air quality of NO₂, SO₂ and PM₁₀ are all exceeded the national standards of Mongolia.

Issues of CHP5



- While the resettlement plan is under preparation, about 10 families who lived in the project site resettled. However, it is unclear whether the compensations are consistent of ADB's SPS.

Issues of CHP5

- CHP5 is inconsistent with the goal of Mongolia's INDC: increasing renewable energy share to 20% by 2020 and to 30% by 2030.
- The CHP5 is based on a subcritical boiler of 463.5 MW, and it doesn't fit the standards of OECD Arrangement.
- ADB rejected to disclose the latest draft ESIA which was submitted by the project company to ADB in April 2016. Only October 2015 version of draft ESIA is available on the ADB's website.
- Even if heating by coal is unavoidable, electricity should be provided by renewable sources.

Strategy 2030 of ADB

- ADB is preparing for the Strategy 2030, it may be completed in 2018.
- In accordance with the Paris Agreement, ADB should adopt a policy to end new coal-fired power projects.