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# ADB's Energy Policy & Portfolio

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BUSINESS   
OPPORTUNITIES

# Outline

- Key Energy Challenges in Asia and the Pacific
- Opportunities and Changing Energy Landscape
- ADB's Energy Portfolio
- ADB's 2021 Energy Policy
- Examples of ADB's Clean Energy Projects
- Indicative Clean Energy Projects (2021-2023)



# Key Energy Challenges in Asia and the Pacific



## Energy Access

- Roughly **350 million people** remain without adequate supply, and **155 million people** still have no access to electricity
- About **1.6 billion people** without access to clean cooking



## Energy Security

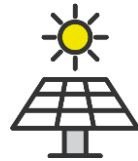
- IEA scenarios suggest **doubling of electricity demand in the region by 2040**
- Cumulative renewable energy investments of **\$6.0 trillion by 2040**
- Cumulative electricity grid investments of **\$6.4 trillion by 2040**



## Environmental Sustainability

- About **50% of global CO2 emissions from fossil fuels**
- Approximately **25% of CO2 emissions from coal power generation**

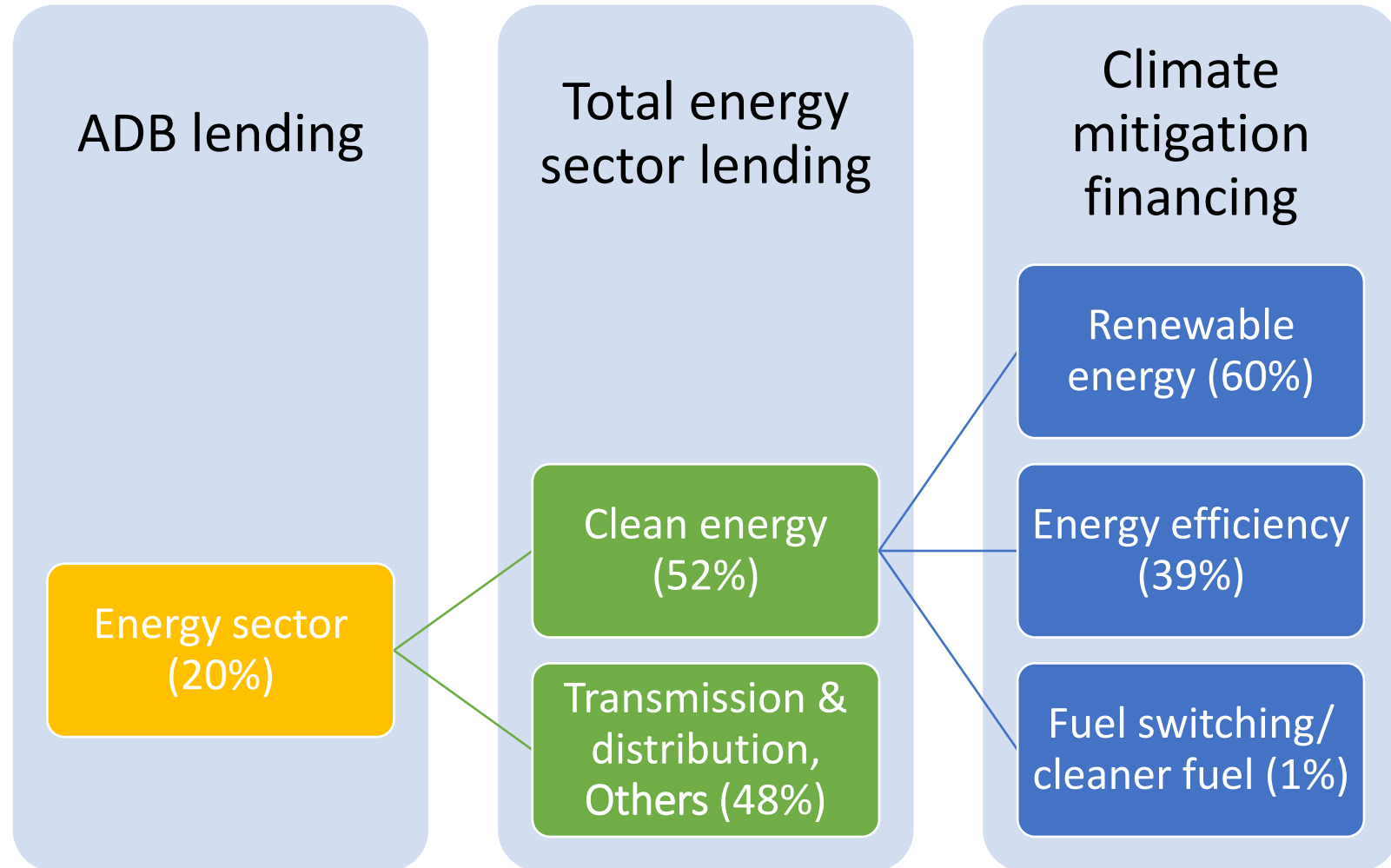
# Opportunities and Changing Energy Landscape



Energy Landscape	Global Commitments	ADB's Commitment
<p>Profound changes in Asia and the Pacific:</p> <ul style="list-style-type: none"> <li>• <b>Falling cost</b> of renewable energy vs. conventional energy</li> <li>• Emerging new and innovative <b>low-carbon energy technologies</b></li> </ul>	<p>Global commitments to universal access and climate action:</p> <ul style="list-style-type: none"> <li>• Sustainable Development Goal 7: <b>Universal Energy Access by 2030</b></li> <li>• Paris Agreement: <b>Nationally Determined Contributions (NDCs)</b></li> </ul>	<p>ADB is the Asia and the Pacific Climate Bank:</p> <ul style="list-style-type: none"> <li>• <b>\$100 billion of cumulative climate finance by 2030</b> from our own resources</li> <li>• At least <b>75% of our operations support climate action</b> for the period 2019 to 2030</li> </ul>

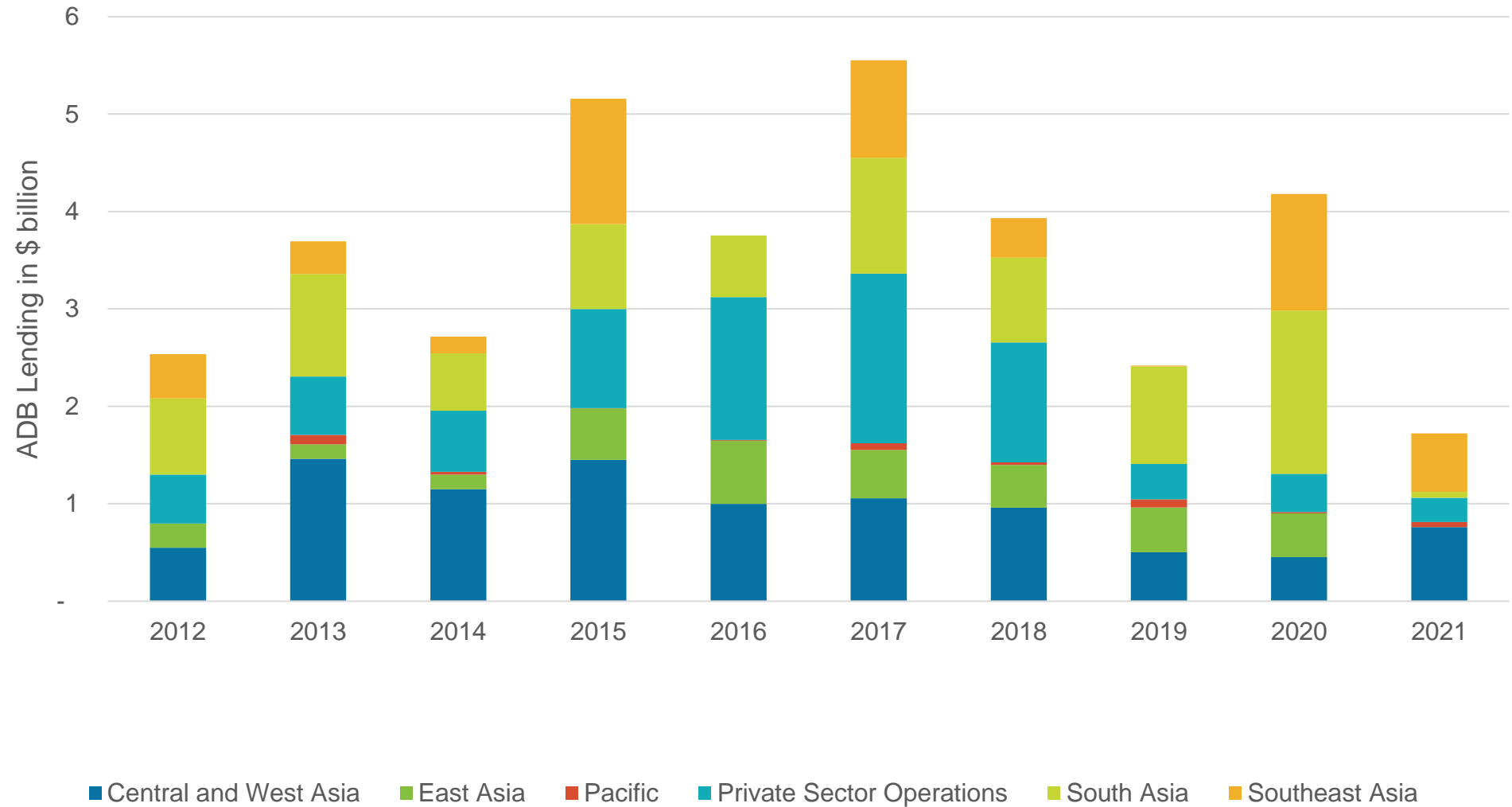
# Energy Sector Portfolio, 2011–2021

*(annual average share)*



# Energy Sector Portfolio, 2012–2021

(by department)



# Energy Sector Portfolio, 2021

About **\$1.7 billion** total energy sector lending approved across **19 energy projects**

Approximately **\$693 million** in climate finance were approved in the energy sector

- **\$659 million** climate mitigation (clean energy projects),
- **\$ 34 million** climate adaptation
- **\$317 million** in energy efficiency,
- **\$376 million** in renewable energy

**17 projects** addressed climate change and disaster resilience

# ADB's Energy Policy

- Approved on 20 October 2021
- Prioritizes energy efficiency, renewable energy, energy storage, decarbonization and electricity transmission and distribution expansion and upgrade
- Supports energy policy reforms, long-term planning, regional cooperation and greater private sector participation
- Promotes use of smart, digital, innovative and best available technologies
- Focuses on delivering an inclusive, resilient and just transition
- Formally closes the door for coal financing but leaves door open for natural gas subject to strict criteria
- Selective on financing storage hydropower plants
- No financing of nuclear energy



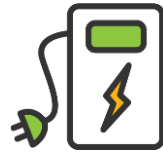


# ADB's Energy Policy 2021 - Principles



Principle 1	Principle 2	Principle 3	Principle 4	Principle 5
Securing Energy for a Prosperous and Inclusive Asia and the Pacific	Building a Sustainable and Resilient Energy Future	Supporting Institutions, Private Sector Participation, and Good Governance	Promoting Regional Cooperation and Integration	Integrated Cross-Sector Operations to Maximum Development Impact

# ADB's Energy Policy 2021 – Selected Principles and Actions



## Principle 1

Securing Energy for a Prosperous and Inclusive Asia and the Pacific

- Supporting Electrification Programs
- Promoting Cleaner Cooking, Heating and Cooling
- Improving Energy Efficiency across Supply and Consumption Chains
- Promoting Social Inclusion, Gender Equality and Partnerships

## Principle 2

Building a Sustainable and Resilient Energy Future

- Accelerating Renewable Energy
- Role of Specific Energy Sources in Pursuing Strategic Decarbonization
- Increasing Resilience and Efficiency of Electricity Infrastructure
- Ensuring a Just Transition

## Principle 3

Supporting Institutions, Private Sector Participation, and Good Governance

- Supporting Institutions
- Tariff and Subsidy Reform
- Private Sector Participation
- Greater Impact through Sector-Wide Long-Term Planning
- Partnering to Shape Energy Reform Policies

# Examples of ADB's Approved Clean Energy Projects

## Financial Intermediation Loan for Rooftop Solar in Sri Lanka:

- \$50 million credit line, through the government, to multiple local banks for financing of rooftop solar PV systems

## Concessional Loan for Energy Efficiency in India:

- \$200 million loan, combined with \$13 million grant, to establish an energy efficiency revolving fund to finance LED streetlights, LED bulbs, ceiling fans, electric vehicles and charging stations through public Super-ESCO.

## Private Sector Loan for Wind Power in Thailand:

- First project to integrate utility-scale wind power generation with battery energy storage in the country. ADB provided long-term financing of \$240 million

## Sovereign Project Loan for Battery Storage in Mongolia:

- \$100 million loan for the first Utility-Scale Energy Storage Project to support decarbonization and help increase renewable energy use by providing a large energy reserve, load shifting capacity, and emergency backup

## Grant Support for Renewable Energy in Kiribati:

- \$8 million grant for the South Tarawa Renewable Energy Project – ADB's first project in Kiribati's energy sector – to install climate-resilient solar power capacity on a water reserve

## ASEAN Catalytic Green Financing Facility (ACGF)

- An initiative of the ASEAN Infrastructure Fund to accelerate green infrastructure investments in Southeast Asia
- Provides ASEAN governments with technical assistance and access to over \$1 billion in loans from cofinancing partners.
- Supports governments to identify and prepare commercially viable green infrastructure projects
- Supported the preparation of the 100 MW Cambodia National Solar Park Project

# Energy Transition Mechanism (ETM)

*Scalable, collaborative initiative developed in partnership with DMCs that will leverage a market-based approach to accelerate the transition from fossil fuels to clean energy*

*Public and private investments will finance country-specific ETM funds to retire coal power assets on an earlier schedule than if they remained with their current owners*



## 1. Accelerate climate action

Countries participating in ETM will be able to reach more ambitious emissions targets than under their current commitments



## 2. Reduce energy costs

Speeding up the retirement of coal-fired electricity will increase the demand for clean energy by 2-3 times, lowering overall energy costs in the long run.



## 3. Drive investment

ETM will help unlock or “crowd in” investment in cost-effective renewable generation and support and enable clean technologies, such as smart grids, hydrogen, and electric vehicles.



## 4. Provide a scalable model

ETM has the potential to be scaled up to other parts of Asia and the Pacific, as well as Latin America and Africa, which could drive significant reductions in global emissions.

# Indicative Clean Energy Projects for 2021–2023 (1 of 2)

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INO: Geothermal Power Expansion Project (Phase 2)

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INO: Sustainable Transition Project - DAMRI E-buses

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KIR: South Tarawa Renewable Energy Project (Phase 2)

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MON: Supporting Renewable Energy Development

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MON: MFF Smart grid system development

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MON: MFF Smart grid system development (Tranche 1)

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FSM: Renewable Energy Development Project, Phase 2

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SAM: Alaoa Multi-Purpose Dam Project

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TON: Nukualofa Electricity Network Project (Solar Plus Project)

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TUV: Increasing Access to Renewable Energy Project - Phase 2

## Indicative Clean Energy Projects for 2021–2023 (2 of 2)

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BAN: Renewable Energy Project

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CAM: Energy Efficiency Sector Development Program

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BAN: Renewable Energy Development and Efficiency Improvement Project

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BHU: Renewable Energy Project

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BHU: Hydropower Rehabilitation Project

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PRC: Low Carbon Transformation in Urban Areas

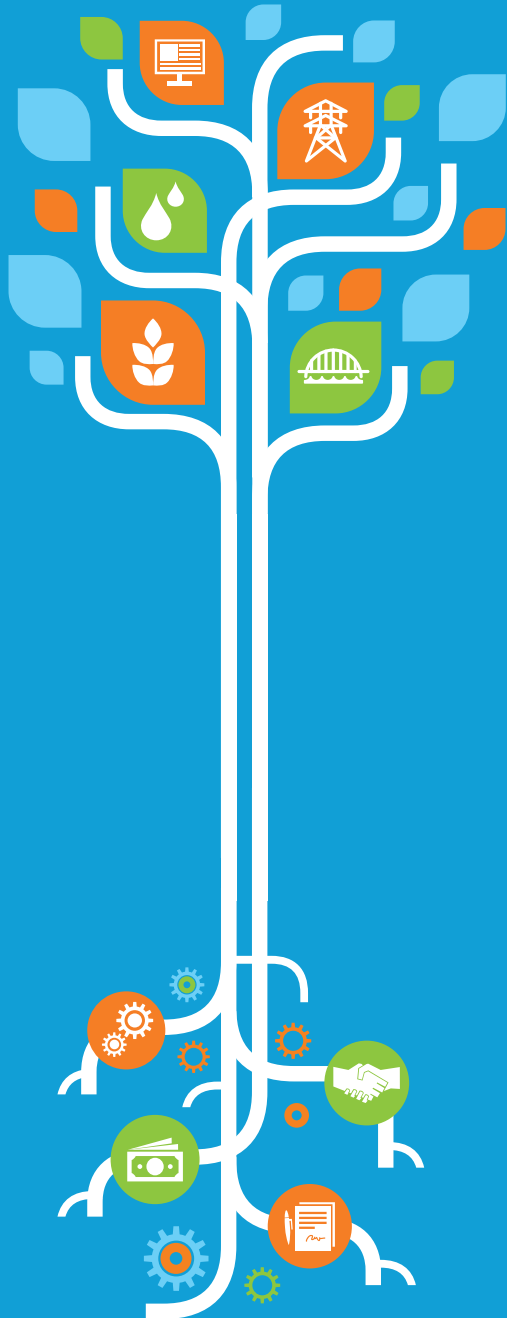
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PRC: Shanxi Low-carbon and Beautiful Village Development

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IND: Scaling Up Demand Side Energy Efficiency Sector Project-Additional Financing

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# Thank you!

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