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# Enabling Private Sector Clean Energy Investment in Southeast and South Asia Recommendations from Corporations and Governments

**Asia Clean Energy Forum**

**Deep Dive Workshop**

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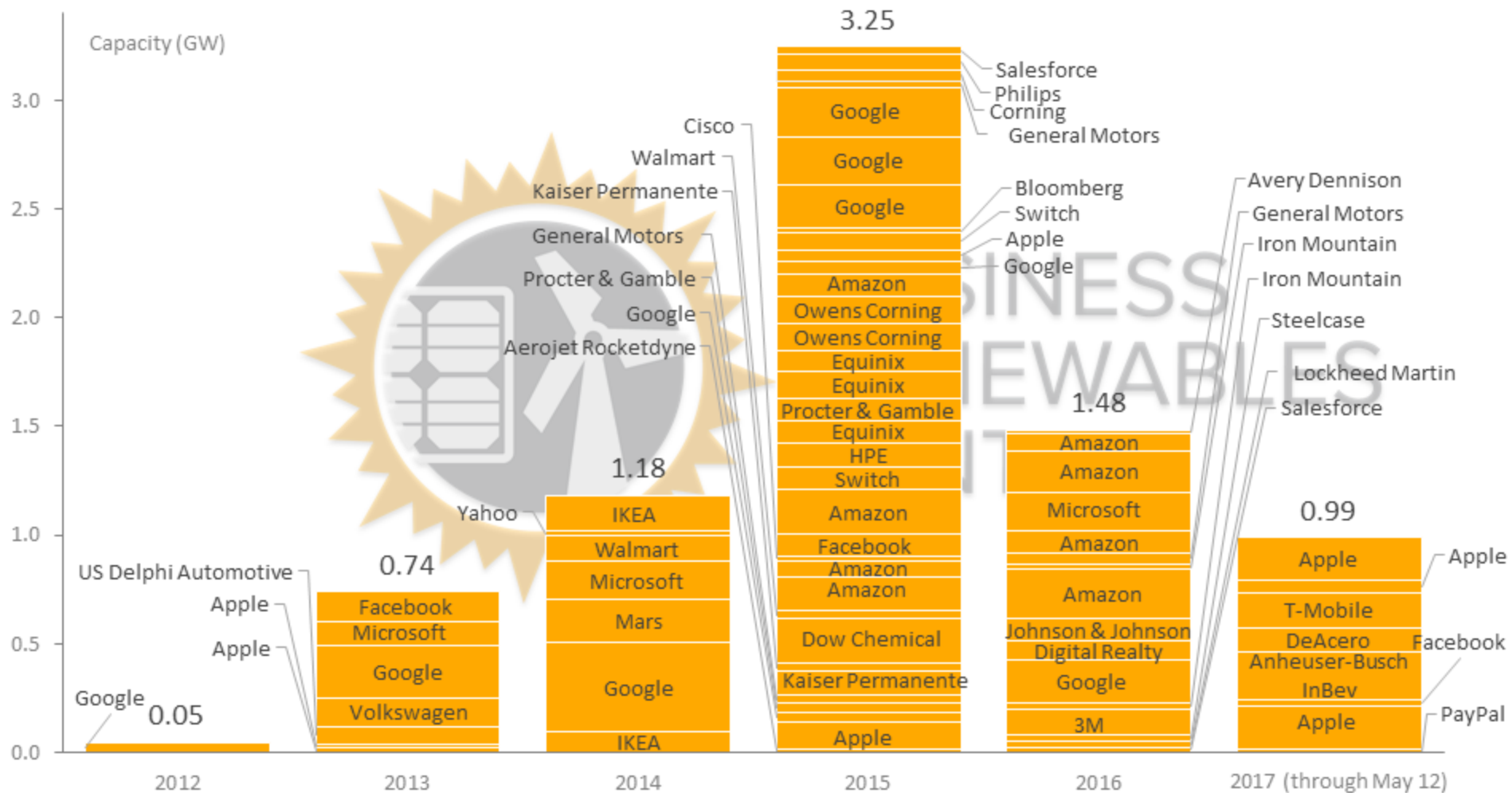
# Enabling Private Sector Investment to Help Achieve Corporate and Country Goals

- Leading corporations have embraced the business case for clean energy, including through RE100
- In Asia's dynamic markets, companies face challenges in meeting their clean energy goals
- Governments seek to enable private sector investment and finance aligned with national climate change commitments
- **Public-private sector collaboration is needed to mobilize private sector investment to address the financing gap**



# Corporate Renewable Deals

## 2012 – 2017



Publicly announced contracted capacity of corporate Power Purchase Agreements, Green Power Purchases, Green Tariffs, and Outright Project Ownership in the US and Mexico, 2012-2017. Excludes on-site generation (e.g., rooftop solar PV) and deals with operating plants. Last updated: May 12, 2017.

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# Enabling Private Sector Investment to Help Achieve Corporate and Country Goals

- Leadership from governments and utilities is essential to implement policies, incentives, and grid management strategies that enable clean energy investment at scale
- Also essential is developing project pipelines by working with project developers and linking with investors and sources of finance
- **Regional meeting on March 27-28, 2017 identified regional and country-specific priority actions to accelerate private sector clean energy investment**



# Private Sector Recommendations to Governments

## Three key regional themes

1. Improve the policy and regulatory environment
2. Strengthen the finance environment
3. Increase government capacity and public-private sector collaboration



# I. Improve the Policy and Regulatory Environment

- Review and revise existing policies and regulations that conflict with RE development goals or which create market uncertainties
- Institute new policies and incentives that provide clear direction and support the business case for RE investment
- Prepare actionable plans, with clear RE targets
- Improve electricity price forecasting and allow cost-reflective tariffs that reflect changing technology and enable RE to compete



Photo credit: General Electric

## 2. Strengthen the Finance Environment

- Develop the capacity of domestic commercial banks to increase clean energy lending and obtain additional capital
- Help domestic clean energy project developers access more finance



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### 3. Increase Government Capacity and Public-Private Sector Collaboration

- Improve public sector capacity at the national and subnational levels to support RE markets
- Increase government engagement with various private sector stakeholders to understand their needs and priorities
- Collaborate with the private sector on strategic pilot or demonstration investments where needed



Photo credit: Asian Development Bank



## Country-Specific Recommendations: India

- Compile good practices for designing policy incentives (e.g., feed-in-tariffs, RE auctions, net metering) with sunset clauses to provide certainty and reduce gaming of the system; engage 5-6 states in implementing these guidelines
- Create win-win models to help utilities offer RE, such as instituting green tariffs and rationalizing subsidy surcharges
- Enforce penalties for noncompliance with RE purchase requirements
- Make RE a priority lending sector, beyond electric power
- Raise the floor price for RE contracts to ensure bankability and help attract finance
- Mandate RE procurement for new buildings, in order to receive building operating licenses



## Country-Specific Recommendations: Indonesia

- Establish buyers alliance of RE purchasers and developers to inform policies and regulations
- Relax restrictions on private investment and foreign ownership of RE investments
- Support investments in RE demonstration at the state level, especially for solar
- Work with the private sector to initiate new business models at the national level, especially for solar
- Bundle small investments to access international funds
- Create an agency to provide loan guarantees for RE investments
- Provide technical assistance to banks and financial institutions on screening RE loan applications
- Work with international companies and finance institutions to increase capacity of domestic developers to prepare high-quality technical and finance documents



# Country-Specific Recommendations: Philippines

- Finalize and implement the draft renewable portfolio standards
- Ensure clear policies on ownership and attribution of RE assets in contracts and clarify these rules for retail energy suppliers and offtakers
- Institute net metering for installations larger than the current 100 kW cap
- Launch a national information and education campaign on RE certificates
- Increase the ease of doing business via an electronic one-stop-shop for clean energy permits
- Facilitate access to early-stage project preparation finance to address capital gaps for small project developers
- Explore green tariffs for private consumers



## Country-Specific Recommendations: Vietnam

- Provide detailed information on Power Sector Reform Roadmap and projected tariffs by year
- Review Electricity Law and move away from strict single offtaker purchase model
- Provide better estimates of future electricity prices
- Develop renewable portfolio standards
- Develop and pilot a bankable direct power purchase agreement
- Encourage corporations to make RE purchase commitments
- Increase the capacity of domestic banking sector to engage in clean energy lending
- Create foreign direct investment opportunities that can attract large companies
- Improve public-private sector dialogue and ensure meaningful engagement
- Increase the capacity of government authorities in competitive energy procurements



# Key Takeaways for Public-Private Sector Collaboration

- Governments are asking for clear signals from the private sector on what is needed in order to enable private sector investment and finance at scale in their countries
- In many countries, private sector leaders see value in conveying recommendations in a unified voice (e.g., the Vietnam Business Forum's Made in Vietnam Energy Plan)
- Regional peer sharing and learning – between top corporate executives working to increase their investment and top government officials working to enable it – is invaluable in exchanging perspectives, strengthening coalitions, and reinforcing the urgency of collective action to help achieve corporate and country goals



Photo credit: CNN Philippines

# Workshop Agenda

- **Private Sector Recommendations to Accelerate Clean Energy Investment in Asia** – Mikell O’Mealy, Activity Manager, USAID-funded Climate Economic Analysis for Development, Investment and Resilience (CEADIR) activity
- **Market Trends and Insights for Investors, Project Developers and Governments** – Ali Izadi, Head of Japan and Korea, Bloomberg New Energy Finance
- **Enabling Renewables at Scale – Key Needs and Opportunities for Grid-Connected Solar and Wind in Asia** – Boonrod Yaowapruerk, Investment Mobilization Lead, USAID Clean Power Asia



## Workshop Agenda (continued)

### Leadership in the Philippines: Public-Private Sector Collaborations to Accelerate Clean Energy Investment

#### *Panelists:*

- Atty. Jose M. Layug, Jr., Chair Person, Philippines National Renewable Energy Board
- Anna Maria Gonzales, Sustainability Head, Ayala Land Inc.
- Anna Maria Reodica, Renewables Program Manager, Manila Energy Company
- Salvador Antonio Castro, Jr., President and CEO, CleanTech Global Renewables, Inc.



*Moderator:*  
Marlon Apanada,  
Managing Director,  
Allotrope Philippines

# Questions and discussion

- What has been your experience in working to scale up private sector investment in clean energy in Southeast and South Asia?
- What barriers have you encountered?
- What do you see as priority needs to help accelerate private sector investment?
- How can private sector investment help countries achieve national climate change commitments?



Photo credit: World Bank