ASIA CLEAN ENERGY FORUM 2025

Empowering the Future: Clean Energy Innovations, Regional Cooperation and Integration, and Financing Solutions

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ADB

KEYNOTE SPEECH

The Importance of Innovative Financing for Clean Energy

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Chair, Public Sector
Structured Finance Asia Pacific

Wed, 4 Jun, 2:00pm | Manila

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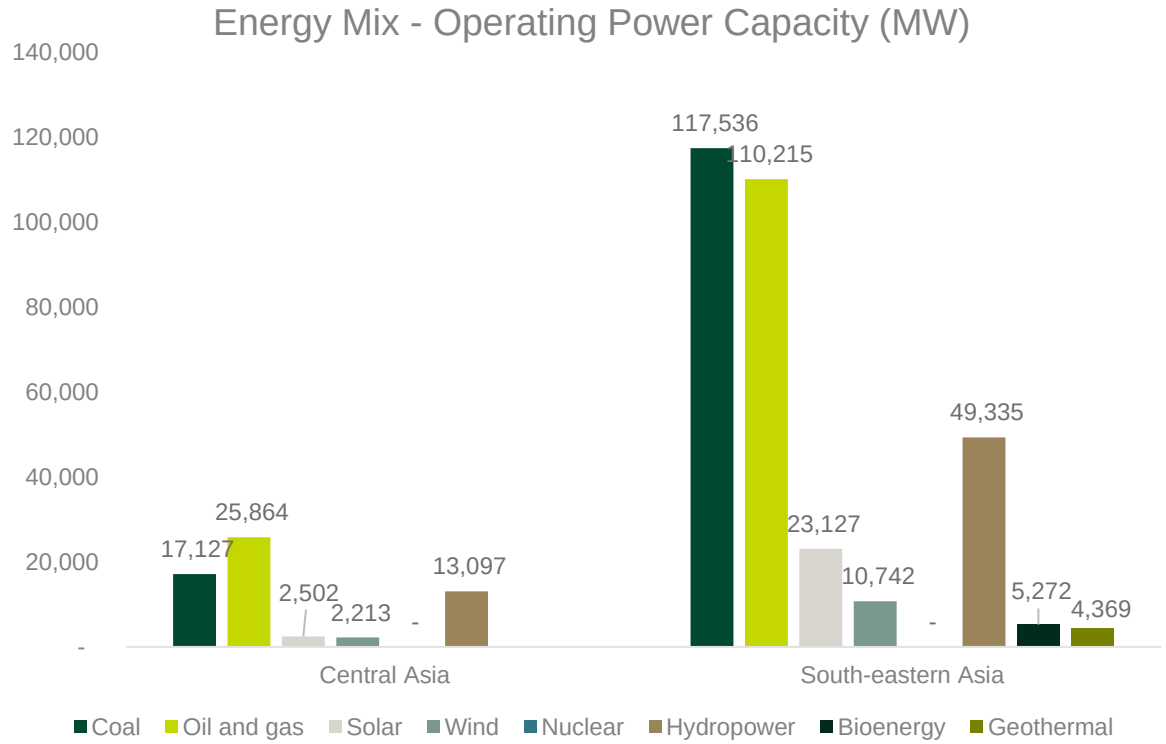
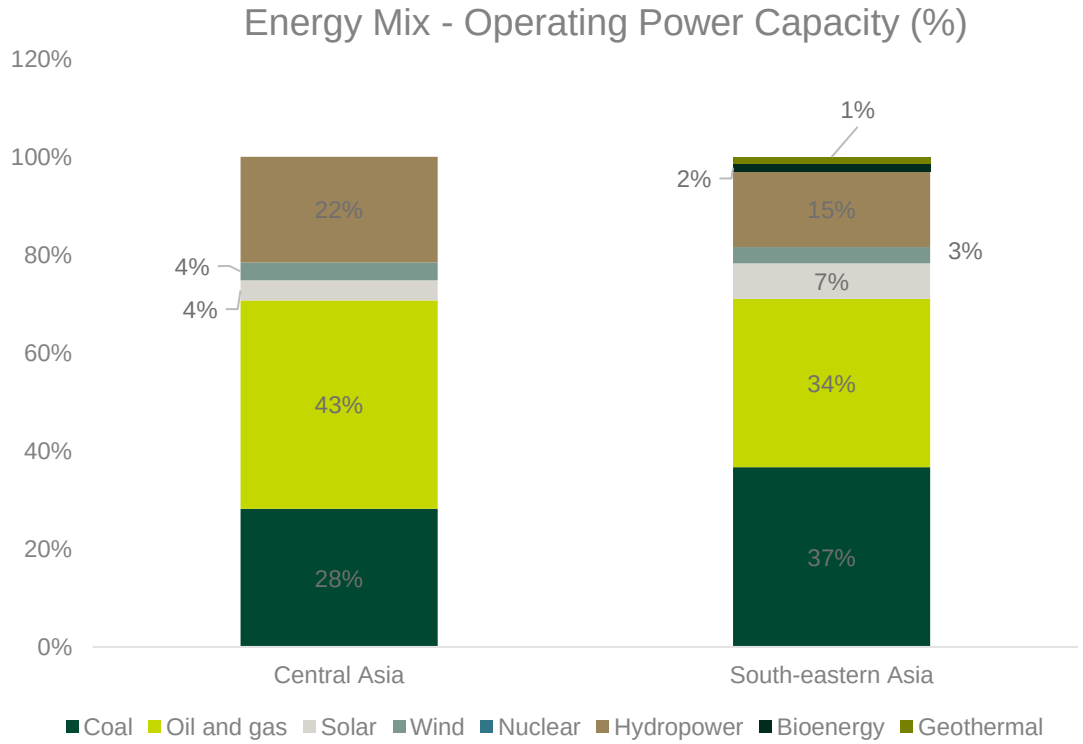
Energy Mix in Southeast Asia and Central Asia





Central Asia	Southeast Asia
Central/ West Asia remains heavily reliant on fossil fuels, but countries are increasing their efforts in generating electricity from renewable energy such as hydro, wind and solar	Southeast Asia's economies and energy systems have experienced rapid growth over the past decades, with strong country-by-country variations in the energy mix. Coal still plays a major part in most SEA countries, such as Indonesia, Vietnam Malaysia, and Philippines, however, renewable energy such as hydro, wind, and solar are also on the rise.

Sources: Global Energy Monitor

Financing Clean Energy Projects in Asia and Central Asia

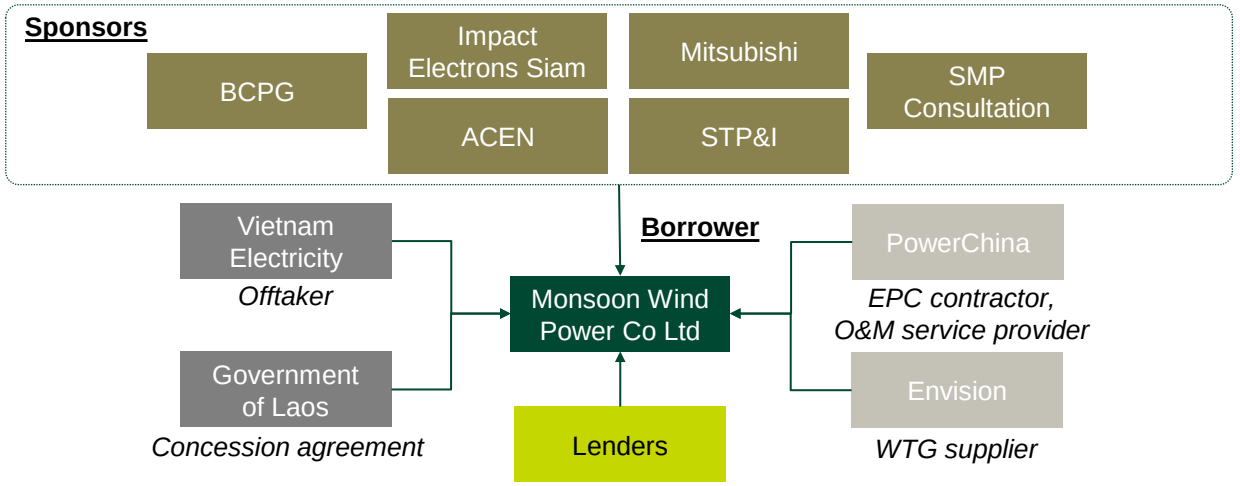
	South and Southeast Asia	Central/ West Asia
Policy Environment and Institutions	More advanced and harmonized, with regional frameworks and national policies supporting renewable energy	Less harmonized but emerging support for renewable energy
Presence of Government Sponsored Institutions	Presence of government sponsored institutions that actively support green projects and de-risking (SECI in India, NREB in Philippines, TEH Task Force in Indonesia, etc)	Fewer specialized institutions (AREA in Azerbaijan)
Energy Markets and Utilities	Strong, central to RE implementation (PLN in Indonesia, EVN in Vietnam, ERC in Philippines, etc)	In early stages of institutional maturity given local market development. Rely on MDBs for technical support and project preparation.
Private Enterprises	Larger and more diverse project pipelines, more robust PPP regimes (notably in the Philippines and India), and growing blended finance options	Fewer projects, higher risk perception, and less developed PPP and blended finance frameworks
Robust Local Bank Markets	Local banks are increasingly active in green finance, especially in larger economies, but still depend on international co-financing for large projects	Most funding comes from international sources
PPA Regimes	India and Philippines have relatively bankable PPA regimes, attracting private investment; Indonesia and Vietnam are improving	PPA regimes are less standardized and carry higher risks for private investors
Role of Multilaterals	Strong, but not dominant—multilaterals supplement robust local and regional institutions	Central to project finance, technical support and capacity building

Case Study: Monsoon Wind Project

Southeast Asia's largest cross border wind farm project in Laos, and the largest syndicated renewable PF transaction between ASEAN countries

Project Overview	
Project	▪ 600MW wind power plant located in Sekong and Attapeu provinces in the southern region of Laos to export and sell power to neighboring Vietnam.
Sponsor	▪ Impact Electrons Siam, Mitsubishi, BCPG, ACEN, SMP Consultation and STP&I Public Company Limited.
Offtake	▪ Concession: Government of Laos granted a 25-year concession for the operation of the wind farm. ▪ Offtake: 25-year power purchase agreement with state-owned utility Vietnam Electricity (EVN), with a feed-in-tariff of USD 0.0695/ kWh.
EPC and WTG	▪ EPC Contractor: PowerChina ▪ WTG Supplier: Envision will supply 133 units of EN-171 wind turbines (WTG) of 4.51MW each.

Structure Chart



Source: Inframation, ADB, GoalFore Advisory, PFI

Project Overview (Continued)	
Financing	▪ Loan: USD 692.55m in total (please refer to the table below). ▪ Tenor: Ranging from 17 to 21 years. ▪ Margin: Hovering around 300bp.
Key Deal Features	▪ USD 20m concessional financing and USD 10m grant (first of such facilities in the region) provided to mitigate key project risks, including potential curtailment risk. ▪ SMBC roles: Sole Hedge Arranger; Offshore Account and Security Bank; Global Facilities Agent; Participation Agent
Timeline	▪ Achieved signing in Mar 2023. ▪ Target commercial operation by no later than Dec 2025.
Awards Won	▪ Named Asia-Pacific Wind Deal of the Year at the 2023 Project Finance International (PFI) Awards

Tranche	Lenders	Amount (USD m)
A loan	ADB	100
B loan	Siam Commercial Bank	100
	SMBC	50
Parallel loan	Asian Infrastructure Investment Bank	72.55
	Export-Import Bank of Thailand	60
	Hong Kong Mortgage Corporation Ltd	30
	Japan International Cooperation Agency	120
	Kasikorn Bank	100
Concessional financing	Canadian Climate Fund for the Private Sector in Asia II	30
	Leading Asia's Private Sector Infrastructure Fund (ADB)	20
Grant	ADB	10
	Total	**692.55**

Case Study: Ninh Thuan Onshore Wind Project

Project Summary

Project	**Ninh Thuan Onshore Wind Project**	
Sector	**Onshore Wind (88MW)**	
Key counterparties	Shareholders	AC Energy (70%) BIM Group (30%)
	Offtaker	EVN
Location	Ninh Thuan Province (Southern Vietnam)	
Signing	Dec 2022	
Financing structure	• USD 107m of financing is arranged by DFIs and commercial lenders. • Lenders are ADB, JICA, SMBC, ING, HKMC and Cathay United Bank.	
SMBC roles	• Mandated Lead Arranger • Sole Hedging Bank • Facility Agent	

Transaction Highlights

- The consortium of AC Energy (power developer in Philippines) and Vietnam-based BIM Group developed 88MW onshore wind project in Ninh Thuan province, which commenced commercial operation in October 2021.
- The project enters into PPA with EVN, benefitting FiT price of USD 0.0085/kWh. The wind turbines are supplied by GE.
- The financing arrangement is led by ADB. JICA and commercial lenders also join as co-financiers. The proceed is used for refinancing of the existing loan.
- This is the first renewable energy project in Vietnam which SMBC provides project finance.
- i) The latest Vietnam government's policy of not providing government guarantee to the PPA in future IPP projects, and ii) Bankability of Vietnam's renewable energy PPA template, have been the main bankability concerns for international PF lenders.
- In Ninh Thuan Onshore Wind project, the lenders conducted extensive due diligence on EVN credit risk, as well as PPA bankability study (from legal and technical perspective). Lenders also designed appropriate mitigation structure, which made them comfortable with taking those risks.
- Co-financing with ADB/JICA who has a recent track record in Vietnam onshore wind project, gave additional comfort to the commercial lenders in participating the financing.
- In line with Vietnam's Net Zero target by 2050, a number of renewable energy projects are expected to be developed in the country, subject to timing of PDP8.

- Source: PFI, IJ Global, Sponsors website (incl AC Energy),
- Lenders website

Best Practice Examples

De-risking through MDBs (Laos PDR)

- Collaborating on deals with MDBs can absorb risk and enhance the credibility.
- In the case of Monsoon Wind Project in Laos, concessional funding from ADB absorbs both the effects of ordinary curtailment and extreme curtailment.
- Blended finance tools act as a risk buffer, absorbing the uncertainties that make private investors hesitate.
- Deals that were previously considered 'unbankable' are attracting mainstream investors through the blended finance framework.

PPA Regime (Philippines and Taiwan)

PPA with retail suppliers (Philippines)
- Smaller distributers supplying directly to end users, PPAs of 1–5 years
- Largely without regulatory interference, allowing for quick execution and flexibility

Regulated PPA with Private Distribution Utilities ("PDU") (Philippines)
- Competitive selection process among regulated PDUs, PPAs last for 15–20 years
- Dominant due to PDUs' strong credit ratings and the possibility of large offtakes

Corporate PPA (Philippines and Taiwan)
- Philippines – direct bilateral agreement between corporates and producers through captive solution or third-party access to existing grid system
- Taiwan – Electricity Act 2017 was amended to allow the sale of renewable energy power direct to end user.

Implementing Nodal Agency for Renewable Energy (India)

- Government of India designated Solar Energy Corporation of India Limited ("SECI") as a nodal agency to enable meeting the growing energy demand through RE and reducing the dependence on fossil fuels.
- The role of SECI is to act as an intermediary between the power generator ("Developer") and the distribution licensee ("Buying Entity") for the purposes of buying power from the Developer and sell it to the Buying Entity and carry out bidding as per the renewable energy competitive guidelines (e.g. solar, wind, etc)
- SECI enters into a power purchase agreement with the Developer ("SECI PPA") and also a power sale agreement ("PSA") with the Buying Entity. The PSA contains relevant provisions of the PPA on a back-to-back basis.

Renewable Energy Auctions (Philippines)

- Green Energy Auction Programme ("GEAP") – Philippines' Department of Energy's ("DOE") auction to procure renewable energy from private developers to accelerate the country's energy transition
- PPAs are 20-years long, non-indexed and facilitated by National Transmission Corporation ("TransCo"), state-owned transmission provider that owns all transmission assets
- GEAP 1 auctioned 2.0 GW with COD set between 2023–2025. A total of ~98% (1,967MW) of the auctioned capacity was awarded.
- GEAP 2 in Jun 2023 auctioned 11.6 GW with various CODs in 2024-26. However, only ~30% (3,580MW) was awarded.
- Expected to be conducted annually and allocate offshore wind capacity in [H2 2025]

Sources: Philippines Department of Energy, Philstar, SECI, The Legal Scroll, Watson Farley & Williams, OMFIF

How Regulations and Policies Attracts Private Capital

- Key tools such as feed-in tariffs (FITs), auctions for power purchase agreements (PPAs) and renewable portfolio standards (RPSs) are essential for private capital mobilization.
- While renewable energy auctions are a mechanism for attracting private capital, the presence of a previously established feed-in tariff structure can make it more attractive for private investors to enter the market.
- The transparent and predictable local regulatory environment is critical for investor confidence.
- Frameworks that enable flexible project structures (such as blended finance and PPPs) and effective risk allocation (such as revenue risk sharing, state guarantees) —expand the pool of bankable projects.
- Certainty in enforceability and dispute resolution is also fundamental in attracting private capital.

Thank You.