

Summary of Comments on Energy Issues Note

Asian Infrastructure Investment Bank

December 9, 2016

Overview

- **Deadline for comments was Nov 12th for the first round of public consultations**
- **The Bank received 38 comments by the deadline, 6 more slightly afterwards**
- **All comments received have been reviewed**
- **A diversity of external stakeholders provided comments including CSOs/NGOs, think tanks, business and trade associations, private sector companies and individuals**
- **Comments came predominantly from Asia, Europe, United States and internationally**
- **Many of the external stakeholders had previously participated in the consultation process for the Environmental and Social Framework in 2015**
- **A 2nd round of public consultation on this Draft will follow in early 2017**

Comments

1. General

- **Wide appreciation of the Bank's commitment to support international agreements (SE4ALL, Paris Agreement, SDGs - particularly SDG7)**
- **Some questions on whether those targets can be achieved with the energy mix proposed by the Bank in the Issues Note**
- **Two rounds of Public Consultation were generally welcomed**
- **Some comments asked for a more intensive process, including face to face consultations and document translated into multiple languages**

1. General (Continued)

- **Structure of the text mostly deemed useful and appropriate, but warnings about “business as usual” in light of dramatic climate change**
- **Thematically the comments cover a wide range of issues, with positions on both ends of the scale**
- **Positions range from a request not to provide any support to specific forms of energy generation to requests for more intensive engagement with the same form of energy**

2. Nuclear Power

- **Current approach of no support widely endorsed with a few exceptions**
- **Clause on revisiting in the future questioned in some comments**

3. Fossil Fuels

(a) General

- A number of comments ask for a complete ban by the Bank on fossil fuels, including processing, transportation and distribution

(b) Coal

- Mostly restrictive comments, but split opinions on support for coal
- Some express need for a general ban on support to coal (“not one dollar”) including mining and transportation
- Some express need for support to coal in relation to energy security and accessibility
- Modern and clean generation of energy using coal is advocated by some, with support requested for High Efficiency, Low Emission power plants (HELE) and Carbon Capture and Storage (CCS)

3. Fossil Fuels (Continued)

(c) Oil for Power Generation

- **Split picture, range of opinions similar to those for coal**
- **Mostly support for phasing out of fossil fuel and phasing in of Renewable Energy (RE)**
- **Intention is reduction of CO2 emissions, no perpetuation of current level**

3. Fossil Fuels (Continued)

(d) Gas

- **Many comments acknowledge the need for an interim phase of energy generation using gas**
- **Gas in liquid form is the only choice of energy supply in remote areas. No need for large infrastructure installations**
- **In large applications (power plants) transition from gas to RE is advocated**

4. Renewable Energy (RE)

- **Strong role of RE in energy mix and its financing widely accepted**
- **Essential for implementation of Paris Agreement, reduction of carbon emissions**
- **Some comments requested the Bank to establish numerical targets for RE as a percentage in the energy mix**
- **Some would like to see priority given to solar and wind over hydropower**

5. Hydropower

- **Split picture**
- **Some comments see merits of zero emissions and Asia's untapped potential in hydropower**
- **Other voices ask for rethinking of the prominent role of hydropower particularly for large dams on rivers due to impacts on biodiversity, methane gas emissions of reservoirs and resettlement of local communities including Indigenous Peoples**
- **Requests by some parties for Bank not to fund hydropower on the main stream of major rivers**
- **High costs and risks involved for hydropower, typically borne by the public sector with support from MDBs**

6. Energy Efficiency (EE)

- **Support is widely accepted**
- **Projects are small, a tailor made financial approach is requested**
- **Development of a long-term, flexible and comprehensive EE framework is needed, including development of green finance**
- **Involvement of local financial institutions requested**

7. Transmission and Distribution (T&D), Decentralised Concepts

- Investments in T&D deemed necessary to maintain functional grids and transportation with the goal of avoiding energy losses**
- Promotion of network stability to secure the integration of RE**
- Digital solutions, smart grids promoted**
- Decentralised concepts for rural and remote areas, distributed generation requested**

8. Interconnectivity, Regional Cooperation

- Little criticism of the Bank's positive approach to the issue**
- Important way to trigger major infrastructure investments**
- Limited comments expressed concern about interconnectivity and asserted that it may reduce efforts for economic diversification in energy exporting countries**

9. Limitation of Regional and Local Pollution

- **Widely seen as an important area of priority**
- **“Smart cities” concept should include EE, energy supply and transport solutions**

10. Catalysation of Private Capital

- **Split opinions**
- **Supporters see the necessity to close the large gap on financing infrastructure in Asia, which can only be filled by private investments. Brings about effectiveness and lean structures**
- **Others voice concerns about the negative impact of private investments in costly and risky operations, leaving the burden with the public**
- **Concerns also expressed about proper environmental and social oversight of operations using “financial intermediaries” in the energy sector**
- **Insurance solutions taking risk from private institutional investors were suggested by some, providing for a price tag on risks project by project**