Pacific Renewable & Energy Efficiency Projects Webinar 2016

Adrian Weeks – Trade Commissioner Pacific Austrade
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Dougal McInnes and Mitchell Lendrum
Sustainability and Climate Change Branch
Department of Foreign Affairs and Trade
2. OVERVIEW

1. The Paris Agreement

2. Australia’s Post-Paris priorities

3. Maximizing the public private relationship
3. THE PARIS AGREEMENT

- Paris Agreement significant turning point
  - Nearly 190 nationally determined commitments (climate plans and targets)
    - Many include focus on renewables
  - Low emissions investment signal
  - Finance and private sector support key
- Still more to do
4. AUSTRALIA’S POST-PARIS PRIORITIES

• Talking to business: both FDI and export
• Helping turn NDCs into business plans
• Raising the profile of climate in aid program
  › Green Climate Fund
• Building on existing work
• Focused on low-emissions innovation
  › Engagement with business and other Govts
  › Mission Innovation
5. PUBLIC PRIVATE RELATIONSHIP

- Work with private sector – deliver shared goals
- Government as convener and broker
- Collaboration with other governments and institutions
- Direct funding through the aid program
- Deep knowledge of enabling environments
  - DFAT Post network
- Partnership funding - Business partnerships platform
6. FINAL THOUGHTS

• Paris a good platform but needs to be built on
• Need a new level of engagement to accelerate public / private cooperation
  › Renewables in the Pacific perfect opportunity
• Break down the barriers
• Understand how government works
• Understanding of how business works
• Achieve shared goals
7. CONTACT

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Pacific Department
Asian Development Bank
9. ASIAN DEVELOPMENT BANK

• Multilateral development bank est. 1966
• Owned by 67 members, including Australia
• Reduce poverty in the Asia-Pacific region
• Financial and technical assistance for infrastructure development
• Sovereign and private sector
• Bank-wide $27 billion approved in 2015
• Bank-wide $2 billion clean energy 2015
11. PACIFIC ENERGY SECTOR

- Existing loan/grants in 8 Pacific countries
- Existing portfolio approx. $350 million
- 8 technical assistance grants - $16 million
- Pipeline 14 projects in 9 countries proposed investment $305 million
- Largest financier to energy sector in the Pacific
<table>
<thead>
<tr>
<th>No.</th>
<th>Country</th>
<th>Project Description</th>
<th>Total (US$ million)</th>
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<tr>
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<td>Cyclone Ian Recovery Project</td>
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<td>14</td>
<td>Vanuatu</td>
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Total: **303.05**
14. ANALYSIS

• Investment demand is expanding rapidly

• **Renewable energy** is the core of investment requirements.
  › 75% of our investments (20 projects)
  › Hydropower has the largest investment need (5 projects, $194 million)
  › Solar is the fastest growing in number of projects (7 projects)

• Energy Access – major issue in Melanesia
Hydropower

- 11 plants under construction or design
  - PNG: Ramazon Hydropower, Divune Hydropower
  - Samoa: Rehabilitation and new sites
  - PNG: Rouna Cascade (Rouna 1 and Sirinumu TOD)
  - Solomon Islands: Fiu River Hydropower, Malaita Province
  - Vanuatu: Brenwe Hydropower Plant, Malekula
16. PRIVATE SECTOR INVESTMENT

- Independent Power Providers required to meet investment and capacity needs
- Appropriate policies, regulations and legislation being put in place
- Power utilities have experience in negotiating Power Purchase Agreements
- Increasing interest by international and domestic investors
- Significant barriers to private sector investment exist
• Significant level of IPP investments in the Pacific
  › Total actual and forecast IPP Investments: 60 projects, 745 MW, USD 2.7 bil.
  › Upcoming private sector investment opportunities: USD 594 mil.
• For complete list of projects see 2nd Pacific Energy Investors Forum Report

<table>
<thead>
<tr>
<th>IPPs Statistics in PICs</th>
<th>Number</th>
<th>Capacity, (MW)</th>
<th>Estimated Cost (USD million)</th>
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<tr>
<td>Existing IPPs</td>
<td>21</td>
<td>114</td>
<td>404</td>
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<tr>
<td>Selected IPPs</td>
<td>23</td>
<td>429</td>
<td>1,670</td>
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<tr>
<td>Planned IPPs</td>
<td>16</td>
<td>202</td>
<td>594</td>
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<tr>
<td>Total</td>
<td>60</td>
<td>745</td>
<td>2,668</td>
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</table>
• Gradual growth in 2010-2016, from 50 MW to 112 MW
• Rapid growth in 2016-2021, about 7-fold, from 112 MW to 745 MW
• Estimated cumulative investment of USD 2.7 billion
19. MANY IPPS IN THE NEXT 3 YEARS

- Many small renewable energy IPPs coming into operation during 2017-2019
- All hydros in 2019 – 2021
20. TECHNOLOGIES

- Mostly renewables
- Mainly solar and biomass
21. PROCUREMENT

- Procurement follows ADB Guidelines and bidding procedures
- Fund flow is generally from ADB to consultant/contractor
- Opportunities for Consulting, contractors and suppliers
- Register at http://www.adb.org/site/business-opportunities/main
22. RESOURCES

- **ADB**
  - [http://www.adb.org/site/business-opportunities/main](http://www.adb.org/site/business-opportunities/main)

  - Pacific Private Sector Investors Prospectus

- **Pacific Region Infrastructure Facility** [http://www.theprif.org/](http://www.theprif.org/)
  - Power Benchmarking Report 2014

- **ADB Pacific Facebook page**
  - [https://www.facebook.com/adbpacificenergy/](https://www.facebook.com/adbpacificenergy/)
THANK YOU

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