

CTI Industry Joint Seminar: Diffusion of Energy-Efficient Energy Technologies in Asian Countries

Summary/Outcomes

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Broad Coverage During Seminar

- Technical aspects of energy efficiency and renewable energy technologies and their applications;
- Policy issues that can play a key role in the more rapid adoption and diffusion of cleaner technologies; and
- Financing issues and details of various institutions that facilitate implementation of environmentally sound technologies.

Technical Aspects – Actual Examples

- Huge opportunities for energy conservation.
- Reminded of the realities of economics, in particular the interaction of supply and demand. For example, “biomass is renewable, but not unlimited.”
- One size does not fit all whether it be the technology selection, size of the project, or other aspects. For example, providing access to electricity in a country such as Indonesia presents a different set of challenges than a country like China.
- Many other practical messages were shared based upon actual case studies.

Policy Issues

- Energy pricing policies and regulation in general must serve the needs of both energy users and investors.
- Oil subsidies in some countries discourage the adoption of renewable energy technologies.
- Big challenge for policy makers – How do we level the playing field in a politically acceptable manner?
- Lack of integrated energy policy presents a major barrier to the adoption of EE and RE technologies.

Policy Issues - continued

- Government can play a role by providing incentives to adopting EE technologies through such means as energy labeling, information outreach, capacity building, research, and demonstration projects.
- In response to the growing demand for eco-friendly products, efforts are being pursued to identify and quantify the total costs and benefits of producing, using, and disposing/recycling of products.

Policy Issues - continued

- Energy prices should reflect their full costs including the externalities that their production, use, and disposal create that are not typically included in the market price.
- Government can help by providing the necessary enabling environments to encourage the engagement of domestic and foreign investors and allow them to manage risk – this includes a stable regulatory system, social and economic stability, enforcement of contracts, respect for IPR, etc.

Financing Issues

- Both technology risk and financing risk (including political and currency) need to be considered.
- Investors need to have a reasonable level of confidence in the performance of the technology – this does not mean that only old, well-established technologies will be selected.
- International financial institutions can lead the way in the more rapid adoption and diffusion of EE and RE technologies by providing incentives and technical assistance to help mobilize local and regional banks and other financing sources.

Financing Issues - continued

- Participants confirmed that there are plenty of project opportunities for EE and RE technologies, but cautioned to be realistic.
- Transactions cost can limit the implementation of smaller projects – need to improve means of providing financing to small and medium size enterprises.

Financing Issues - continued

- Although a substantial amount of public funds are available, access to private resources is essential to address climate change.
- Tools have been developed to assist project developers enhance their access to financing such as the UNFCCC handbook for preparing project financing proposals.

Financing Issues - continued

- Activities such as the CTI Private Financing Advisory Network (PFAN) have been developed to assist project developers structure their projects and prepare financing proposals to meet the standards of the international financing community.
- Quality of the financing proposal important to making a good first impression.
- Development banks offer a range of flexible financing arrangements such as financing the value of carbon credits before they are officially earned.

Conclusions

- Sharing experiences and lessons learned from actual project developers, technology providers, financing institutions, and investors is a useful exercise.
- To be truly beneficial, participants need to take the messages home and share with others as they shape policy and influence the implementation of projects.
- CTI attempts to capture the potential synergies of this process by tailoring seminars and related capacity building to local and regional needs and developing innovative approaches such as the CTI PFAN to foster implementation of real projects.