



## Communiqué

### Special Roundtable to Develop a Regional Plan of Action for Clean Energy Governance, Policy, and Regulation

June 24, 2011  
 ADB Headquarters, Manila

The Asian Development Bank (ADB) and the United States Agency for International Development (USAID), together with other development partners, held the Asia-Pacific Dialogue on Clean Energy Governance, Policy, and Regulation during the 6<sup>th</sup> Asia Clean Energy Forum, held in Manila at the ADB's Headquarters between June 20-24, 2011. Approximately 200 policy-makers and regulators attended the Dialogue and joined in policy and regulatory events during the week. As the culmination of the week's events, ADB and USAID held a Special Roundtable to develop a Plan of Action for Clean Energy Governance, Policy, and Regulation in the Asia-Pacific. Of those joining the Dialogue, 47 clean energy policy experts and key partners from 16 countries<sup>1</sup> were able to stay to meet at the *Special Roundtable to Develop a Regional Plan of Action for Clean Energy Governance, Policy, and Regulation*.<sup>2</sup>

As the Roundtable was the culmination of the week's events, participants focused on identifying and articulating themes, issues and priorities that had been discussed during the Dialogue, and agreed upon clean energy priorities for the Plan of Action for Clean Energy Governance, Policy, and Regulation. Those priorities are to:

1. **Promote Energy Efficiency (EE) as the Least-Cost Energy Resource.** EE is the least-cost resource because it costs less to save a unit of energy at the end use than to provide energy by adding new supply. Thus, investment in scaling up EE is the most cost-effective measure for curtailing dependency on fossil-fuel imports. Moreover, to effectively mitigate the effects of climate change, the International Energy Agency has established that EE needs to comprise up to 57% of global emissions reductions by 2030, but only a fraction of this potential is currently met. *Policy-makers and Regulators at both the national and regional levels must therefore consider and undertake EE, and other least-cost solutions, before expanding energy supply.* They could scale up EE by:
  - a) **Setting EE Targets, Adopting EE Laws, and Regulations, and Enforcing Them.** Policy-makers and regulators must set clear and measurable targets for EE in policy, law, and regulations, where they do not already exist, and adopt clear implementing rules and regulations, and enforce them.
  - b) **Widely Adopting Innovative Tariffs to Promote EE.** While EE is the most cost-effective resource, there are numerous barriers that prevent the rapid scale-up of EE. Innovative approaches such as a *Standard Offer*, which provides a set price for verified reductions in energy use, *Feed-in Tariff for EE* (which is a different name for a Standard Offer), or *Demand*

<sup>1</sup> Australia, Belgium, Canada, China, Denmark, India, Indonesia, Germany, Kyrgyzstan, Nepal, Philippines, Singapore, Thailand, United Kingdom, United States, Vanuatu.

<sup>2</sup> The Dialogue continued the 2010 Asia-Pacific Dialogue on Clean Energy, initiated by the Asian Development Bank (ADB) and the US Agency for International Development (USAID). In 2010, participants made a series of commitments laid out under the *Asia and the Pacific Energy Policy-Makers and Regulators' Statement on Clean Energy and Climate Change*. The Statement can be found at: [www.cleanenergyasia.net/sites/default/files/resources/DialogueStatement2010.pdf](http://www.cleanenergyasia.net/sites/default/files/resources/DialogueStatement2010.pdf).

*Side Management (DSM) Bidding*, in which energy savings are procured through a competitive bidding process, have proven to be effective tools to increase the amount of demand-side, EE resources into the power system, and should be widely adopted.

- c) **Evaluating EE Initiatives to Measure the Extent of the Resource.** EE initiatives should be evaluated to quantify and value the amount of energy savings and the impact of the overall EE initiative. Such EE evaluations also improve EE program delivery. Policy-makers and regulators can play an important role by setting rules, regulations, and guidelines to ensure effective third-party evaluation of EE programs.
- d) **Designing Policies and Regulations to Promote Innovative Financing of EE.** To fund EE programs, more effort should be spent in the design and piloting of innovative financing mechanisms for EE. Such mechanisms may include EE funds, dedicated credit lines, risk guarantee mechanisms, and leveraging commercial financing through performance contracting. Policy-makers and regulators can play an important role by setting rules, regulations, and guidelines for innovative financing.

**2. Promote Renewable Energy (RE) as Part of Asian Countries' Broader Energy and Development Strategies.** More RE in the total energy mix can help promote energy security by reducing the financial burden that fossil fuel dependency poses, while also helping to meet developing Asia's socio-economic needs. Policy-makers and regulators at both the national and regional levels must therefore consider and undertake RE to ensure its proper and effective deployment. They could scale up RE by:

- a) **Establishing Feed-in Tariffs (FiTs) for RE.** FiTs, and not RE Certificates, are the most effective mechanism to scale up RE. In adopting a FiT, policy-makers and regulators must adapt FiTs for use in Asian countries; do work on data gathering, methodologies, and rate impacts for FiTs; and build the capacity of appropriate institutions to design, analyze, implement, and monitor FiTs.
- b) **Setting RE Targets, Adopting EE Laws, and Regulations, and Enforcing them.** Policy-makers and regulators at both the national and regional levels should set clear and measurable RE targets in their national policies, laws and regulations, where they do not already exist, and adopt clear implementing rules and regulations, and enforce these laws and regulations.

**3. Facilitate the Scale-Up of EE and RE With Innovative Policy and Regulatory Models.** New thinking and models are needed to make the transition to a more sustainable energy system. Many of the policies and regulations to support EE and RE are built on top of existing political, legal, and organizational frameworks. Policy-makers should consider:

- a) **Establishing a Sustainable Energy Utility (SEU).** An SEU is a utility that operates separately from, and differently than, a traditional energy utility. An SEU is specifically tasked to develop end-user markets for EE and customer-sited RE. For example, SEUs can issue bonds to fund EE and RE as infrastructure investments. SEUs have been established in Delaware, Philadelphia, and Washington, D.C., and several countries in Asia are also considering establishing SEUs.
- b) **Establishing or Strengthening Effective Independent Energy Agencies and DSM Offices.** Bodies that are independent from ministries and public bureaucracy are needed to plan, monitor, and evaluate EE and RE policies. In many developed countries, effective independent energy agencies are needed to ensure that EE and RE are successfully deployed.
- c) **Establishing Mechanisms to Support, Accredit, and Regulate Energy Service Companies (ESCOs).** ESCOs are an important mechanism for delivering EE. In a number of developing countries, the ESCO industry has been slow to start up, and there have been problems with their quality and performance. It is important to establish programs to support the development of ESCOs, but at the same time ensure that there are mechanisms in place for monitoring, accrediting, and regulating the ESCO industry.

**4. Expand the Asia-Pacific Dialogue on Clean Energy Governance, Policy, and Regulation to Satisfy the Need for a Region-Wide Network to Address the Asia-Pacific's Capacity-Building Needs in Clean Energy Governance and Regulation.** There is a need for a region-wide network to address the Asia-Pacific's capacity-building needs in clean energy governance and regulation. Designing and

implementing policies and regulations for EE and RE is not easy. To streamline this process and help develop ambitious, efficient, and fair policies and regulations, governments should form a region-wide network that will:

- a) **Address Weaknesses in Governance.** Weak regulators cannot promote effective EE and RE regulations. Governments should ensure accountability in meeting EE and RE objectives and targets as laid out in their policies, laws, regulations, and plans, and promote good energy sector governance.
- b) **Coordinate Technical, Financial, and Organizational Resources.** There is a need for regular and systematic sharing of information. Sharing can take the form of developing an on-line policy and/or standards database, webinars for very specific topics in clean energy, publicly available handbooks, and topic-dedicated training workshops and “twinning” exchanges between agencies and partners in the region.
- c) **Develop an Institutional Map.** There is a need to map out each institution’s expertise and how each can distinctly contribute to enhancing clean energy governance throughout the region.
- d) **Expand the Dialogue.** In expanding the Dialogue on Clean Energy Governance, Policy, and Regulation, clean energy experts should continue to coordinate their capacity-building plans, to report on their specific initiatives and activities, and to actively share lessons learned. The Dialogue could facilitate that information exchange by coordinating forums amongst key stakeholders and by reporting on the outcomes of those forums to policy-makers and regulators throughout the region.

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