

UN CLIMATE
CHANGE
CONFERENCE
UK 2021

IN PARTNERSHIP WITH ITALY

COP 26 OUTCOMES

Energy Implications for Southeast Asia

Summary

While COP 26 brought about significant global pledges and outcomes, some quite groundbreaking, implications in the Southeast Asia region remain relatively lackluster in the energy sector.

Bearing the brunt of adverse weather effects from climate change while contributing a miniscule portion of emissions, Southeast Asian nations have typically been headstrong about continued fossil fuel development, bolstered in no small part by international and regional finance.

Unsurprisingly, the bulk of outcomes and pledges of COP 26 do not contain Southeast Asian nations as signatories. However, global momentum should continue to put pressure on the fossil fuel industry, particularly coal, which should have moderate medium- to long-term impacts in the region.

Statement on International Public Support for the Clean Energy Transition

A landmark deal announced early on at COP 26 seeks to end international public financing for fossil fuels. The key measures include:

1. Full support towards the clean energy transition, using resources to enhance what can be delivered by the private sector.
2. Ending new direct public support for the international unabated fossil fuel energy sector by the end of 2022.
3. Encouraging further governments, their official export credit agencies, and public finance institutions to implement similar commitments into COP27 and beyond.

Signatories include both developed and developing nations, from the United States and Italy to Ethiopia and Fiji. Multilateral development banks were among the signatories; however, the Asian Development Bank and World Bank were absent. No Southeast Asian countries were signatories. Major Asian financiers of fossil fuels, such as China, Japan, and South Korea, were also absent.

Regional Implications: Little to none, as none of the signatories include any Southeast Asian nation nor the major regional financiers.

Green Grids Initiative– One Sun One World One Grid: One Sun Declaration

A pathbreaking initiative to create an inter-connected global grid powered by renewable energy. A working group will seek to establish a global framework for the following:

1. Investing in solar, wind, storage, and other renewables
2. Building long-distance cross-border transmission lines across continents
3. Developing and deploying cutting edge techniques and technologies to modernize power systems and support green grids
4. Supporting the global transition to zero emission vehicles
5. Attracting investment into solar mini-grids and off-grid systems to help vulnerable communities
6. Developing innovative financial instruments, market structures, and facilitate financial and technical assistance

The One Sun One World One Grid steering committee is comprised of Australia, France, India, the United States of America, and the United Kingdom. Southeast Asian endorsements include Cambodia and Myanmar.

Regional Implications: Moderate. We have already seen the beginnings of a major pilot project aligned with this initiative: Sun Cable aims to build 4,000 kilometers of undersea high-voltage direct current cable in order to transmit renewable energy from a solar PV and battery project in Northern Australia to Singapore. Survey permits were also issued by Indonesia, as cabling would pass through Indonesian waters. While the One Sun One World One Grid initiative was not endorsed by either Singapore or Indonesia, success of the pilot project may open up market potential in the region.



Image from Euronews

Beyond Oil and Gas Alliance

An alliance of governments led by Denmark and Costa Rica, with 11 total members. Most oil and gas producing countries were absent, and no Asian countries are currently members.

"Our goal is not small, our ambition is not modest. We hope that today will mark the beginning of the end of oil and gas."

- **Dan Jørgensen**, Denmark's Minister for Climate, Energy, and Utilities

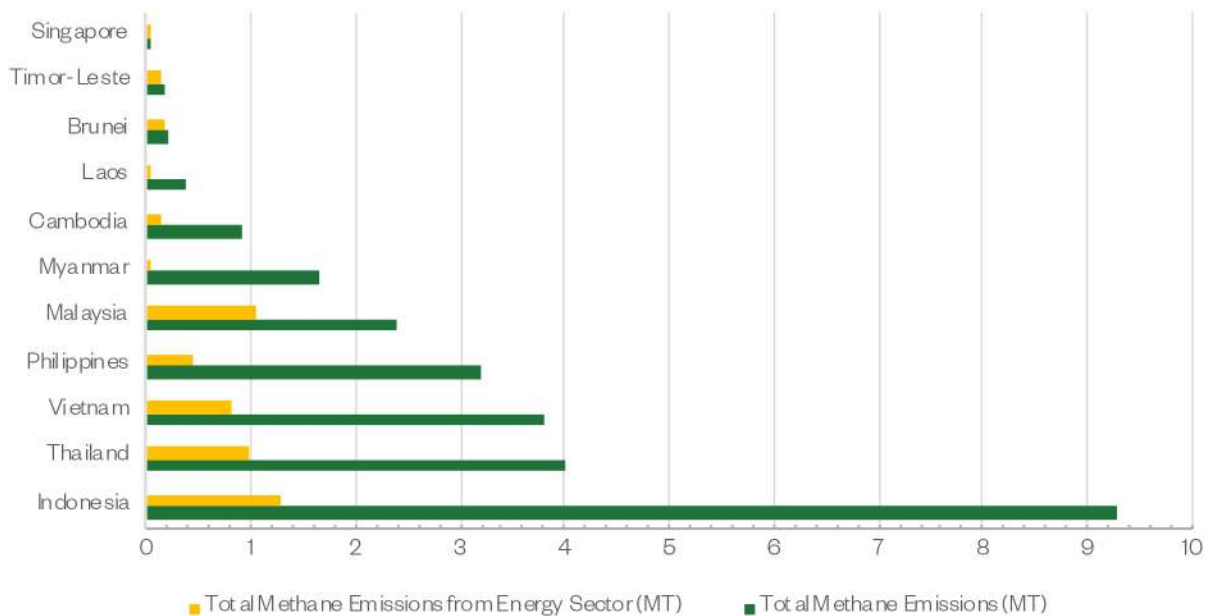
Regional Implications: Little to none. None of the major exporters of oil and gas to Southeast Asia are signatories. Indonesia, Malaysia, and Thailand, the largest producers of oil in the region are absent from the alliance as well.

Global Methane Pledge

The pledge is a collective effort to reduce global methane emissions by at least 30 percent from 2020 levels by 2030. This is a global, not a national reduction target. Indonesia, Malaysia, Philippines, Singapore, and Vietnam are signatories. While the pledge recognizes that methane is emitted across the energy, waste, and agriculture sectors, there is a focus on energy sector mitigation by 2030.

Oil and gas demand in the Southeast Asia region is expected to increase through 2050. Gas in particular is seen as a transitional fuel. 54 oil and gas projects are projected to be deployed by 2025; this number may increase as countries such as the Philippines look towards more gas investments.

Methane Emissions in SEA with Energy Sector %



References:

Gütschow, J.; Jeffery, L.; Gieseke, R.; Gebel, R.; Stevens, D.; Krapp, M.; Rocha, M. (2016): The PRIMAP-hist national historical emissions time series, Earth Syst. Sci. Data, 8, 571-603, <https://doi.org/10.5194/essd-8-571-2016>

Gütschow, J.; Günther, A.; Pflüger, M. (2021): The PRIMAP-hist national historical emissions time series (1750-2019), v2.3.1. zenodo. <https://doi.org/10.5281/zenodo.5494497>

Regional Implications: Moderate. Capital allocation will likely shift as a result of the pledge—new finance commitments to the region will move investor focus to cleaner energy sources. Security concerns may increase risk as well, as climate-oriented policies may affect gas supply chains. Short-term, oil and gas demand will likely continue to increase. Longer-term however, countries in the region may begin revisiting the conception of gas as a transitional fuel.

Declaration on Accelerating the Transition to 100% Zero Emission Cars and Vans

The pledge targets all new sales of cars and vans to be zero emission by 2035 in leading markets and by 2040 globally. This is a global, not a national target. Signatories include national governments, cities, states, and regional governments, automotive manufacturers, business fleet owners, investors, and financial institutions. No regional entities are signatories.

Regional Implications: Little to none. No Southeast Asian countries are signatories, while major automotive manufacturers in the region, hailing from Japan and Korea, are similarly absent. Ford Motor Company is a signatory, but this will likely not shift the needle in the region.

Global Coal to Clean Power Statement

The pledge aims to accelerate a transition away from unabated coal power generation through the following four major commitments:

1. To rapidly scale up deployment of clean power generation and energy efficiency measures in our economies, and to support other countries to do the same
2. To rapidly scale up technologies and policies in this decade to achieve a transition away from unabated coal power generation in the 2030s (or as soon as possible thereafter) for major economies and in the 2040s (or as soon as possible thereafter) globally
3. To cease issuance of new permits for new unabated coal-fired power generation projects, new construction of unabated coal-fired power generation projects, and to end new direct government support for unabated international coal-fired power generation
4. To strengthen efforts to provide a framework of financial, technical, and social support to affected workers, sectors, and communities

Singapore, Brunei, and Vietnam unconditionally support the statement. The Philippines endorses clause 1 and partially clauses 2 and 4, reiterating a call for climate justice given the Philippines is not a major emitter of greenhouse gases but bears the worsening impacts of climate change. Indonesia endorses clauses 1, 2 and 4, excluding clause 3. However, Indonesia will consider accelerating coal phase-out into the 2040s, conditional on agreeing additional international financial and technical assistance.

Major coal investment flow in the region comes from China, Japan, India, and South Korea, none of which are signatories to the statement. The two conditional signatories, Indonesia and the Philippines are significant coal exporters, with the former being the second largest coal exporter in the world while the latter is the fourteenth largest. Australia is the world's largest coal exporter, and a primary exporter to the region, and is similarly absent as a signatory.

Regional Implications: Moderate. As global consensus moves away from coal, the sector looks to be finally losing its tailwind in the region, which has more than doubled its coal capacity since 2010. However, major financiers and exporters remain absent from the pledge, and will likely bolster short-term growth as several GW of projects in the pipeline continue to be deployed. It will be important to watch progress in Vietnam, Indonesia, and the Philippines, which have the largest pipelines for coal.



UN CLIMATE CHANGE CONFERENCE UK 2021

IN PARTNERSHIP WITH ITALY

WA NG



UN CLIMATE
CHANGE
CONFERENCE
UK 2021

IN PARTNERSHIP WITH ITALY

VERNE

ENERGY SOLUTIONS

CONTACT US

117 Madrigal Avenue, Ayala Alabang
Village, Muntinlupa City, Philippines

+63 917 183 8855

john@verne.solutions