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Wind. It means the world to us.™



# Policy Prescription for a Quantum Leap in Wind in Asia

**2<sup>nd</sup> Quantum Leap in Wind: Overcoming Challenges and Building Momentum in Asia**

Asian Development Bank

Manila, 20-21 June 2011

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# Agenda

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**1**

**Asia Pacific – A Market Outlook**

**2**

**General Policy Prescription**

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**Policy Prescription – APAC anno 2010**

**4**

**Recent Policy Developments & Trends**

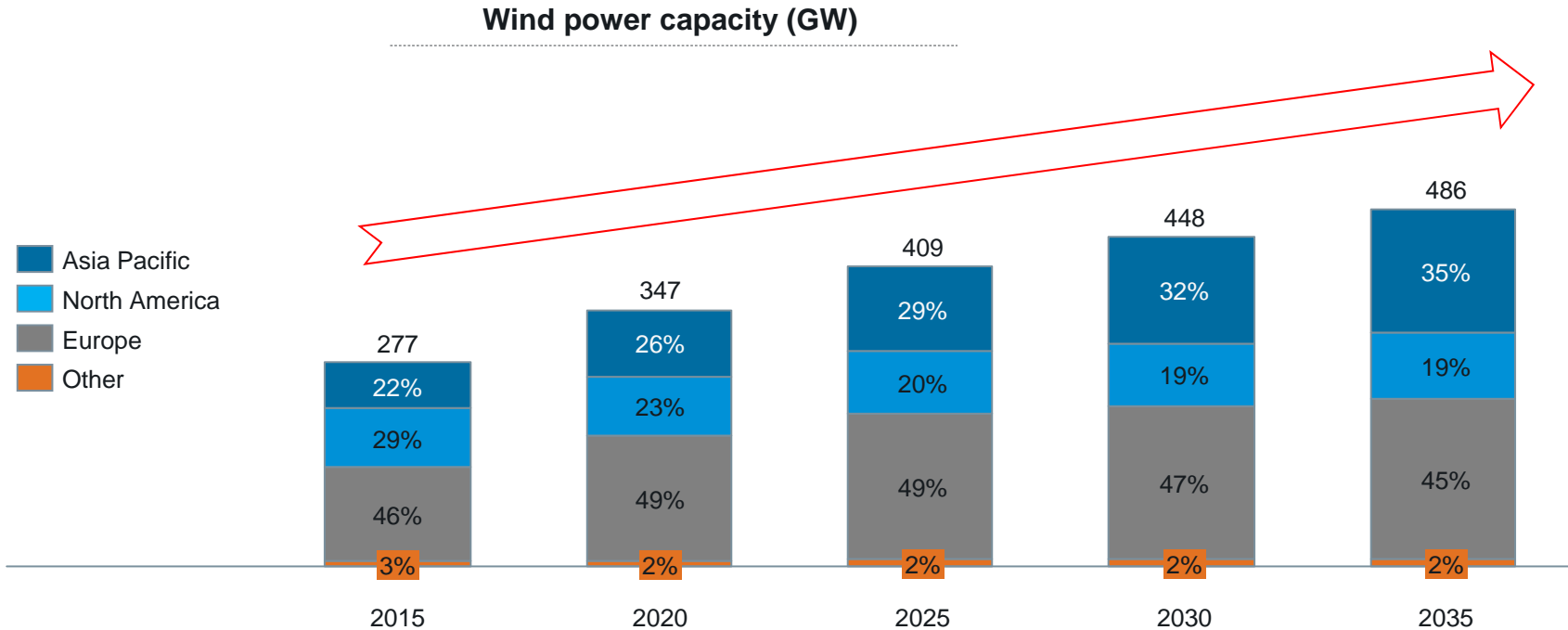
**5**

**A Recipe for Success in Asia Pacific**

**6**

**What's In it for Governments?**

# 1 Wind Capacity on the Rise in Asia Pacific



Source: International Energy Outlook 2010 - US Energy Information Administration

**The Asia Pacific region will lead future growth & increase in wind share and capacity building ... provided that political and market framework conditions are set right!**

Governments need to provide policies that are....

T L C

NOT...Tender **L**oving **C**are but...

Strong commitment and clear support from Governments are needed – in the form of a **transparent, stable and investment-friendly regulatory environment**. Public policies need to be “TLC”, i.e.:

**T**ransparent

**L**ong-term

**C**ertain

## 2 TLC Explained by Vestas HQ

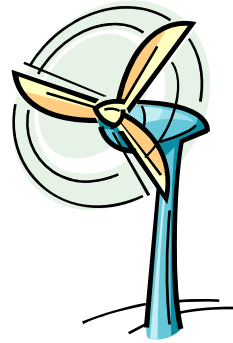
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**Provide “TLC”** in public policies

## 2

# A Holistic and Coordinated Approach is Required

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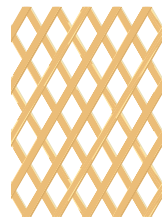
**Wind power capacity and reliable/efficient technology**



**Effective balancing measures**



**Legislation and planning**



**Strong grid and transmission lines**



**Efficient markets and financing opportunities**

# Policies Must Provide Business Case Certainty

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**Energy investments**

*will chase*

**Business Case Certainty**





## 3 Regional Policy Prescriptions – Anno 2010

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Looking back – conclusions from ADB's workshop last year:

### Policy Frameworks & Energy Tariffs

*Policy framework are necessary, although not sufficient. Needs to be tailored to local needs while at the same time enabling foreign investments. Subsidies to fossil fuels creates an uneven playing field. Energy tariffs neglect externalities such as costs to society from use of fossil fuels.*

### Infrastructure

*Grid, transmission, and other infrastructure need to be developed further. Governments need to conduct proper wind resource assessments and start collecting long-term quality data.*

### Industry Input & Feedback

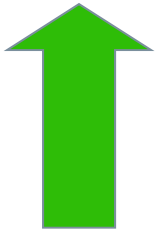
*Industry players must be consulted on regulatory/policy changes – it is a win-win situation. Promote Public-Private Partnerships.*

# 4

## Recent Policy Developments & Trends

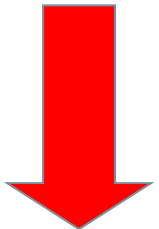
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### Recent policy developments seem promising



- Increased Government interest in becoming part of the green energy race
- Strong drivers established and more mature wind markets
- Incentives schemes in the making in “emerging markets” in NSEA

### Yet constraints and barriers still prevail



- Delays in implementing announced incentives schemes
- Public land use policies prevent utilization of optimal sites
- Permitting and licensing issues increase lead time and costs
- Opaque Government-driven processes and limited industry consultation
- Grid and transmission constraints a barrier in most APAC markets
- Financing issues constitute a problem as long as barriers are not overcome

# 5

## Governments Have a Key Role in Providing TLC

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### 1. Institution & Capacity Building

One-stop shops, enhanced coordination between government bodies, regulation by contract, grid studies and EIAs should be completed before bids are due, wind masts to be installed by international IEC standards, training of wind specific government staff required to issue RFPs and assess bids.

### 2. Economic Considerations

Utilities to include externalities in power planning, economic analysis should include fossil fuel savings, acknowledge the fossil fuel price risk and the virtues of a stable fixed (wind) price contract for electricity supplies.

### 3. Energy Tariff and Power Purchase Agreements

Fixed, long-term PPAs are a necessity; FITs need to be set at the right level to drive investments; include fossil fuel savings when setting tariffs; demonstration projects; reduce fossil fuel subsidies to ensure level playing field.

### 4. Permitting and Licensing

Permitting/licensing requirements should be build into RFPs (transparency of costs to developers) and Government “one-stop shop” to speed up and streamline permitting and licensing processes.

### 5. Public Land Use

Mapping of wind resources and identifying wind zones; review and unlock land restrictions to good wind sites, if possible; land rent can be based on actual energy production (amount per MWh) to reduce risk to developers.

# 6

## Virtues of Wind Energy – to Governments and Nations



Low Cost of Energy



Predictable



Independent & Fast to Install



Clean



Creates lots of green jobs



Instead of just trying to  
**PREDICT** the future, let's

**CREATE** it!



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