Regional Energy Context

- The price of non-hydropower renewables is globally dropping more quickly than anticipated.
- Innovations in energy transmission and distributed grid structures are disrupting traditional infrastructure and utilities models.
- Hydropower and coal externalities attract pushback, increasingly forcing changes in the location, design, type, and size of new power plants.
- Adaptation to these shifts requires a whole-system and long-term perspective.
Regional infrastructure needs

- Southeast Asia needs $2.7 - $2.9 trillion invested in energy through 2030
  - $570 billion for generation
  - ASEAN needs 5-6% of regional GDP annually to 2030
  - Current infrastructure spending averages $50 billion/year, about half that amount
  - All annual spending on energy infrastructure from MDBs only hits a portion of what's needed
- No individual country can meet this
- Meeting the infrastructure gap will require collaboration between development partners and catalyzation of private sector actors
Energy Market Shifts

Between 2009 and 2016, prices dropped more than 80% for solar and 60% for wind

- 2015-16 drops in global price of commercial-scale solar (13%) and wind (10.75%)

Factors:
- Economies of scale
- Overcapacity in China
- Clarity of policy and regulatory regimes
- Auction systems
- Alternative financing options

Renewable technologies are now competitive on an economic basis in many countries
China’s Energy Investments

- The energy and transport sectors have each received approximately 1/3 of total BRI financing and make up most of the projects financed to date.
- BRI financing in the energy sector is targeted towards fossil fuel and hydropower projects.
- Solar is under-represented as a portion of Chinese energy investments in the Mekong region.
- Rising interest from Mekong countries poses an opportunity.
Thank you!

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