Meeting Summary
Moving Past Coal in the Asia-Pacific Region
(77th ESCAP Commission Session 2021 Side Event)
12:45- 13:45 hrs, 28 April 2021 (virtual)

The meeting was opened with remarks from Mr. Kaveh Zahedi, Deputy Executive Secretary, United Nations Economic and Social Commission for Asia and the Pacific.

Mr. Sheikh Faezul Amin, Honourable Additional Secretary, Power Division, Ministry of Power, Energy & Mineral Resources of Bangladesh gave his Keynote Address on Bangladesh’s perspective on moving past coal. He outlined the history of Bangladesh’s work in this area and described the revival of the energy transition as a key focus area in national policy, emphasising how the transition is being adapted to the particular circumstances of Bangladesh. Since 2009, Bangladesh has achieved a remarkable level of development under the Power System Master Plan (PSMP) 2010, which drove a significant shift in power generation from gas to coal. The more recent PSMP 2016 targeted a move from coal toward a more natural gas-based power sector, reflecting strategic concerns around land use requirements, coal transportation and management, and both local and global environmental risks. More recent plans are aiming for substantial growth in the renewable energy share, alongside enhancement of regional cooperation efforts to deliver further power trade between Bangladesh, India, Bhutan and Nepal, as well as improvements in energy efficiency.

The meeting welcomed Mr. Mohammad Hossain, Director General of Power Cell, Ministry of Power and Energy & Mineral Resources, Bangladesh as Moderator for a panel discussion with five distinguished experts:

- Ms. Irma C. Exconde, Assistant Director of the Electric Power Industry Management Bureau, Government of the Philippines
- Ms Karen Cain, Chief Executive Officer, Latrobe Valley Authority, Victoria Australia
- Dr Isabelle de Lovinfosse, Head of South East Asia COP26 strategy, UK Government
- Dr Cristina Martinez, Senior Specialist Environment & Decent Work, International Labour Organization
Each panel member was asked to respond to a question on the theme of “moving past coal in the Asia Pacific region”.

The first panelist Ms Karen Cain, Chief Executive Officer, Latrobe Valley Authority, Victoria Australia was asked to outline some of the challenges that the Latrobe Valley in Australia has experienced in moving its economic base away from coal, and the ways in which the region is preparing workers, employers, and communities for a more diversified regional economy.

Ms Cain’s response outlined the history of the region, which has mined brown coal (lignite) for 130 years and has been the center for electricity production for the State of Victoria and into the national grid. One of the consequences of that period of time is that there has been little diversification in the economy, and the workers’ skill base is trained for this historical context. While the sector was stable for the majority of that period, privatization of the industry in 1992 led to significant job losses and social upheaval, setting a scene for significant disruption in the community. In 2016, the first major coal mine (of the three in the valley) was closed by an international company with only four months’ notice.

The state government established an agency – the Latrobe Valley Authority (LVA), which is led and staffed by experienced local people with strong connections within the community and in government – to support the region through the transition. The LVA’s initial need was to understand the scale of economic and psychological shock to the community. Effort was made to support those losing their jobs, but also to understand the anger, frustration and grief associated with the change.

The LVA focused on partnerships and collaboration to facilitate the community to address the issues. This included working closely with workers’ unions and the education sector to rapidly develop workers’ understanding of their future options at a personalized, case-managed level. The LVA has now supported over 1500 workers and their families, resulting in an 80 per cent re-employment rate, 10 per cent of workers retiring, and some workers who are still looking for work. In terms of local businesses, which have developed under the historically stable economy, there is little culture of innovation. The LVA has supported businesses to understand their current business plans by providing direct assistance to 150 businesses to reconsider their strategies, find new contracts, and importantly to consider innovation. Work has sought to understand options and approaches to bringing collaboration in a very broad sense toward social innovation, system innovation, and product innovation. Leadership and governance have also played a very important part, and the LVA has sought a multi-level governance approach which invites input from all levels of society, drawing on the EU smart specialization platform.

Dr Isabelle de Lovinfosse, Head of South East Asia COP26 strategy, UK Government responded to the question: As we move towards the COP26 meetings in Glasgow later this year, many countries have declared their first “enhanced” commitments to their nationally determined contributions (NDCs) under the ratchet mechanism. What have you seen in these commitments that relates to the role of energy? Do you think there are opportunities here that are being missed by policymakers?

The ratchet mechanism in the Paris Agreement is about ensuring that actions to deal with climate change become progressively more ambitious. Collectively, the existing NDCs are not ambitious enough to achieve the objectives of the Paris Agreement. That is, the commitments of countries to date do not put the world on track to meet the Paris Agreement goal of limiting temperature
increases to 1.5 degrees Celsius, and we are not on track to close the gap before 2030. There are 57 countries that have submitted new or updated NDCs, including the most recent submission from the United States of America. Two thirds of the parties are yet to submit their revised NDCs, and some that have submitted revisions have not really raised the level of ambition sufficiently to meet the Paris Agreement Targets. Countries should commit to an ambitious enhancements and plan well, both in terms of near-term commitments and beating the path for long-term targets by 2050.

Outside of the UNFCCC process, many leaders have declared their intentions to work on climate change issues. Several summits regarding Climate Ambition were held in recent months, bringing together leaders who are ready to make new commitments to tackle climate change, along with delivering announcements from the private sector and civil society which are showing that climate action is moving to the forefront of policy thinking.

While the IEA recently estimated that coal demand would rebound in 2021, one of the top priorities is to provide evidence of the business case for alternative energy sources, which are in most cases better than the business case for coal, to convince decisionmakers of the value of phasing out coal. In the Asia-Pacific region, work is needed engage at different levels and across different sets of factors to convince policymakers to shift towards renewables. Commitments to phasing out coal or not build new coal in countries such Bangladesh and the Philippines are positive signs that the message is getting through.

In closing, Dr de Lovinfosse noted that once renewables are the most attractive investment option, the move to clean energy becomes a “no-brainer”. The COP26 Transition Council is engaging a range of actors across many countries to ensure that this offer – of renewables that can compete with coal – is made apparent to policymakers. The UNFCCC recognizes that the transition needs to be accelerated. COP26 will be a key moment this year with civil society and other observers playing a key role in ensuring that effective scrutiny is in place.

Mr Simon Nicholas, Energy Finance Analyst, Institute for Energy Economics and Financial Analysis responded to the question: Given the imperative to move away from coal the key question arises - what it should be replaced with? Given the array of energy options in the Asia-Pacific region, what power sources should Asia-Pacific nations develop instead of coal?

Aside from carbon emissions and air pollution, a key problem with coal-fired power in developing nations is that it is leading to the rising cost of power generation. Unsustainable debt build-up from accelerated capacity payments is driven by power plants operating at low capacity factors, an issue that arises due to the high operating costs of these technologies. Observers analyzing financial problems in the power systems of developing countries around Asia and also in Africa have found a common theme of over-investment in fossil fuel fired power generation, particularly when power capacity exceeds demand. This will result in increased power tariffs for consumers, which is damaging for economic development. Beyond coal, there is a real risk that plans for coal fired power in Asia will be replaced with LNG, which while alleviating some risks will not solve these overcapacity issues nor address the worsening financial issues in power systems across developing nations. While LNG is being promoted as a transition fuel, the full lifecycle issues of LNG are comparable to coal in many cases and rising.

Wind and solar are increasingly the cheapest source of new power generation, not just in the developed world but also in the developing nations of Asia, even before carbon emissions are
considered. These technologies offer the best solutions for bringing down the costs of power generation, reducing the risks of ballooning subsidies and the power tariff increases that hold back development. Further, they are modular and quick to build, thus helping to avoid issues of overcapacity, and they improve energy security by mitigating many risks in logistics and fuel price spikes.

**Ms. Irma C. Exconde**, Assistant Director of the Electric Power Industry Management Bureau, Government of the Philippines responded to the question: *the Philippines has placed considerable policy focus on ensuring a just transition away from coal, that responds to the needs of communities. Could you give us some insights into how your Government is managing this transition and what lessons could you offer other countries in the region?*

The Philippines Department of Energy is mandated to ensure quality, reliable, secure and affordable supply of electric power through planning and policymaking. The Philippines Renewable Energy Plan supports delivery of these objectives through a range of sectoral roadmaps. The Department also focuses on regional cooperation activities, representing the Philippines in dialogue with development partners and international forums such as COP26 to achieve sustainable energy and a whole society approach.

The existing power system has around 43 per cent coal generation capacity, and coal provides about 57 per cent of the power generation mix. Renewable energy is already a significant contributor to the power sector, with about 7,600 megawatts or 30 per cent of total capacity coming from diverse sources including hydro, solar, wind, and biomass; renewable sources contribute about 21 per cent to the overall generation mix. The power sector is market-based, which raises some challenges regarding a transition away from coal. The COVID-19 pandemic highlighted a need to shift a more flexible power supply mix as structural changes arose in the grid demand profile. Changes are needed to ensure resilience to changes in demand and to enable flexibility in accommodating the entry of new and cleaner technologies.

In late 2020, the Department of Energy issued an Advisory Notice of a moratorium on endorsements for greenfield coal-fired power projects in line with improving the sustainability of the Philippines' electric power industry, The moratorium aims to improve energy sustainability, reliability, and flexibility, with goals that include: increasing the renewable energy share in the energy mix; promoting new technologies; increasing system flexibility; and adhering to higher environmental standards. To support the moratorium, the Department is preparing a Transition Plan which will integrate the various related programs and policies including the energy storage policy, LNG masterplan, renewable energy Act, smart grid policy framework and ancillary services regulations and codes along with an assessment of market tools for the integration of new energy sources. The Department will not process applications for greenfield coal-fired power generation facility projects requesting endorsement but is still developing policy relating to existing facilities which already have firm expansion plans and existing land use provisions. The Department is now in the process of reviewing projects of all power sector stakeholders.

**Dr Cristina Martinez**, Senior Specialist Environment & Decent Work, International Labour Organization replied to the question: *Please tell us how through your work with the International Labour Organization you see the challenges in the transition away from coal for workers, employers and governments? What are some of the lessons you would share on how communities could*
successfully make this transition? Would the Just Transition be different in Asia as compared with other regions?

The International Labor Organization recognizes the considerable potential for the creation of decent work associated with the new businesses of the energy transition. The challenge for resource-intensive regions and local communities exiting coal, alongside minimization and management of the inevitable dislocation that will accompany the change, is to advance planning to address not only mining legacy issues but also the vulnerability of workers, communities, government services, and enterprises. The goal of a Just Transition is to undertake climate change actions that: create high-quality jobs in green industries; advance social justice; and provide fair transitions for workers, enterprises and communities on an equal footing.

To assist communities to successfully make this transition, the ILO has developed a system of guidelines covering the following nine policy areas that were identified by governments, workers and employers from all of the ILO member States: growth policies; environmental regulations for industry; greening enterprises; social protection policies; active labor market policies; occupational safety and health policies; skills development; mechanisms for social dialogue; and policy coherence instruments.

The lessons learned are that Asian countries need to adjust and adopt the transition guidelines to their unique circumstances. There are three issues that ILO credits as part of the success: 1) policy coherence and effective institutional arrangements; 2) social dialogue; and 3) labor standards.

Dr Martinez emphasized the role of women. Those working or supporting the extractive industries must be empowered to participate in the dialogue and to bring solutions, innovation and community mental health for the Just Transition.

In his reflections, Moderator Mr. Mohammad Hossain noted a number of key points from the discussion:

- An effective transition away from coal requires involvement of all partners including civil society, NGOs and government.
- The question if we are transitioning from coal, what are we transitioning to? needs resolution, requiring decision-makers to consider a range of longer-term issues.
- Countries across the region may have to develop and adjust their own transition plans, and should consider their pathway based on their ability also the affordability of options as dictated by their individual circumstances.

Mr Hongpeng Liu, the Director of ESCAP Energy Division concluded that the work of exiting from coal is a key component of the energy transition and also for Building Back Better COVID-19 – the theme of the 77th ESCAP Commission session. There are a range of challenges, but also opportunities for the acceleration of climate change mitigation efforts, the development of clean energy, the creation of new industries and new jobs, and improvement in the health and economic situation at the regional, national individual and local level. The Secretary General’s call – urging member States to prioritize actions to phase-out of coal – reflects that the decisions of policymakers today will determine whether we can take up these opportunities. These decisions will determine whether we provide a Just Transition to effected workers in coal industries and a safe climate for future generations, or if we will take a different path. The government of Bangladesh have taken an important
step in deciding to halt the construction of new coal fired power plants, and it is hoped that many other countries will follow suit.

The challenges, while surmountable, are not insignificant. With so much of the world’s planned new coal capacity being in the Asia-Pacific region, conversations such as the one held today are an important part of the transition. Countries of Asia and the Pacific should continue to build capacity and work collaboratively for information exchange in forums such as this Side Event. Mr Liu noted that ESCAP is proud to have played a part in this discussion, offering his thanks to the Government of Bangladesh for hosting the event and his congratulations for their policy leadership on phasing out coal.