

ASEAN's Expectations and the COP28 Results

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Introduction

As a regional community with fast economic progress, the Association of Southeast Asian Nations (ASEAN) have shown a strong commitment to achieving the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement goals. Under the ASEAN Plan of Action for Energy Cooperation (APAEC), ASEAN has planned to achieve substantial progress in clean, renewable energy (RE) and efficiency with 32% energy intensity reduction (based on the 2005 level) and 23% of primary energy accounted for by renewable energy by 2025, along with a 35% share of renewable energy in installed capacity (ASEAN, 2023). ASEAN countries have also set decarbonisation targets and pledged to cut emissions as stated in their Nationally Determined Contributions (NDCs). At the COP26 in Glasgow last year, most ASEAN members announced their decarbonisation commitments, including the net zero target by 2050, and currently, only the Philippines has not committed yet, while Indonesia has set a target of 2060. It is undeniable that ASEAN countries still depend heavily on fossil fuels to generate electricity in 2020 (IEA, 2022). This makes them realise that the energy sector is a key source of emissions, so thorough decarbonisation supported by actions with a climate-compatible world should be taken into account.

State of ASEAN's Electricity Generation

Although the commitment to decarbonise the energy sector is indeed strong, achieving climate goals, particularly net zero, won't be easy. Markard and Rosenbloom (2023) state that the net-zero energy transition requires simultaneous transitions of different sociotechnical systems, making the transition more complex and demanding. In this regard, the net-zero target is not simply about replacing fossil fuels with clean energy and increasing energy efficiency to reduce emissions; instead, it is transforming the system at least in line with the 1.5°C pathways. In relation to this, decarbonising the power sector has far-reaching implications, including stranded asset risk, energy security, and delayed achievement of development goals. Such consequences are critical to be considered by ASEAN.

Table 1. Electricity generation in percentage by fuel type in ASEAN, 2020

%	Coal	Gas	Oil	Biomass	Waste	Hydro	Solar PV	Wind	Geothermal
Brunei	21.37	77.90	0.70	0.00	0.00	0.00	0.03	0.00	0.00
Cambodia	46.03	0.00	4.45	0.77	0.00	45.34	3.41	0.00	0.00
Indonesia	61.98	16.47	2.71	4.95	0.01	8.34	0.06	0.16	5.33
Laos	28.41	0.00	0.00	0.14	0.00	71.34	0.11	0.00	0.00
Malaysia	47.00	36.27	0.52	0.56	0.00	14.36	1.28	0.00	0.00
Myanmar	11.68	34.94	0.56	0.00	0.01	52.61	0.21	0.00	0.00
Philippines	57.17	19.16	2.43	1.22	0.02	7.07	1.35	1.01	10.57
Singapore	0.99	95.23	0.40	0.46	1.99	0.00	0.93	0.00	0.00
Thailand	20.62	62.80	0.11	9.12	0.14	2.61	2.80	1.80	0.00
Vietnam	49.62	14.49	0.44	0.69	0.00	30.36	3.99	0.41	0.00

Source: International Energy Agency (IEA) (2022)

Regarding the current electricity generation structure dominated by fossil fuels (Table 1), ASEAN countries may shoulder a considerable investment burden in clean and low-carbon technologies. Over the period to 2050, IRENA (2022) estimated that ASEAN needs over USD 5 trillion for renewable power capacity, power grids and infrastructure, and enabling technologies (e.g., storage). Besides, to reduce 45% energy intensity by 2050, compared to 2018 levels, at least USD 1.6 billion cumulatively until 2050 for energy efficiency measures and technology standards will be required. As ASEAN members are mainly developing countries with the need to manage growth but limited financial resources, promoting decarbonisation should enable a just and inclusive energy transition. With its own policies, each country has unique conditions, such that the priorities will vary against achieving collective climate targets. This includes the consideration of adverse impacts for countries, particularly those relying on fossil fuels, that would economically suffer from fossil phaseout.

ASEAN's Expectations for COP28

Aside from other factors like policy and climate commitment, developing countries have limited financial resources and access to finance, hindering them from adopting clean energy sources. This barrier potentially delays energy transitions, undermining long-term commitment to achieve net-zero emissions. Such a situation holds for ASEAN as its progress was relatively slow, driven by low investment in renewables (Vakulchuk et al., 2023). Although the scores of ASEAN's renewable energy performance indicators were medium to high, indicating domestic conditions are relatively favourable for adopting renewables, ASEAN still found difficulties attracting investment (Table 3). In fact, weak implementation and enforcement of regulatory policies make renewable investment less attractive (Vakulchuk et al., 2023).

Table 2. ASEAN renewable energy performance, the World Bank's RISE Index

Country	RE overall score	Legal framework for renewable energy	Planning for renewable expansion	Incentives and regulatory support for renewable energy	Attributes of financial and regulatory incentives	Network connection and use	Counterparty risk	Carbon pricing and monitoring
Cambodia	39	80	29	18	0	30	65	50
Indonesia	53	80	54	35	33	30	91	50
Laos	32	80	54	39	8	7	33	0
Malaysia	49	80	67	45	63	32	58	0
Myanmar	24	60	42	28	20	6	17	0
Philippines	54	60	54	60	80	70	54	0
Singapore	65	60	63	29	73	77	52	100
Thailand	45	40	96	13	73	20	74	0
Vietnam	84	80	100	73	83	60	91	100

Note: ≥ 67 represents a high score, > 33 and < 67 for a medium score, and ≤ 33 for a low score

Source: World Bank (2021)

On the other hand, developed countries have committed to supporting developing countries in addressing climate change by providing USD 100 billion annually by 2023 and increasing climate

finance beyond this objective before 2025. Yet, the realisation was below the amount committed (Oxfam, 2023). Such an issue has been inventoried in the global stocktake and will become the central outcome of COP28. The global stocktake contains every element under negotiation, which will be used by parties to develop more ambitious climate action plans, enhancing transparency and expecting parties to answer where they are now, where they need to go, and how to get there, emphasising whether they are on track to limit global warming to 1.5°C (UNFCCC, 2023).

COP28 is a pivotal opportunity for parties, including ASEAN, to take more ambitious actions. As mentioned in the ASEAN Joint Statement on Climate Change to COP28, promoting the development of low-emission technologies and providing more opportunities through cross-border flows of clean and renewable energy that enable just and inclusive energy transitions are critical. To do so, collaboration among parties, mainly strong support from developed countries, must be echoed. ASEAN expected developed countries to fulfil their financial commitment and establish a new collective quantified goal to mobilise more climate finance that prioritises developing countries' needs as well as strengthen their commitment to climate finance contributions through various financial mechanisms under and outside of the UNFCCC, enabling ASEAN members and other developing country parties to achieve their climate targets (ASEAN, 2023).

COP28 Results and Implications for ASEAN's Expectations?

COP28, with successes and failures, just ended on 12 December. Several key points related to energy transition in the power sector at least show an urgent call for parties to contribute to global efforts on (i) tripling renewable energy capacity and doubling the global annual rate of energy efficiency improvement by 2030, (ii) phasing down unabated coal power, utilising zero- and low-carbon fuels, (iii) transitioning away from fossil fuels in energy systems in a just, orderly, and equitable manner, and (iv) accelerating the development of advanced technologies, such as CCUS and hydrogen (IISD, 2023). Besides, the global stocktake concludes that there is an urgent need to take more progressive actions, keeping the 1.5°C goal within reach.¹ However, the question is whether parties are committed to implementing the points they agreed on and whether finance is available to tick all the points, particularly for developing countries.

As one of the barriers to accelerating energy transitions, insufficient investment in boosting renewable energy adoption should be highlighted in COP28. Unfortunately, finance challenges, along with the reformation of the multilateral financial architecture, had not been discussed much and will be deferred to COP29, with the adoption of a new climate finance goal —the New Collective Qualitative Goal (NCQG) (Waskow et al., 2023). The unsuccessful result was driven by disagreements on defining the “fair share” of climate finance, and of course, this might be disappointing parties.

On the other hand, ASEAN countries faced pressure from developed countries to phase out coal immediately in COP28. An initiative launched by France, Canada, the EU, and the US will support Indonesia, Malaysia, and Vietnam to accelerate the transition from coal to cleaner energy,

¹ First Global Stocktake High-level Committee: Summary of High-level events. <https://www.cop28.com/en/gst>. [accessed 23 December 2023]

including a call to stop private financing of coal projects (Nikkei Asia, 2023). This is good news, but follow-up actions are critical, learning from other mechanisms, such as JETP.² Besides, an additional USD 3.5 billion in new pledges to the second replenishment of the Green Climate Fund (GCF) to support developing countries in tackling climate change provides more opportunities to access climate finance, though the challenges regarding disbursements to developing countries, with high-quality investments that meet countries' needs and leverage private finance remain critical (WRI, 2023).

The COP28 key points have significant implications for ASEAN countries to strengthen their climate commitment. Yet, regardless of the COP28 results, ASEAN needs to focus on its internal mechanisms in decarbonising the energy sector. ASEAN countries did not do enough to achieve their climate targets, and a joint statement regarding the common position to COP28 should become ASEAN's shared vision, and they should work together (Galimberti, 2023). It is worth noting that ASEAN countries should realise they are in the same boat, although they need to focus on their long-term strategies to reduce emissions and national development goals. Besides, ASEAN could capitalise its natural resources as its members, such as Indonesia, Malaysia, Myanmar, the Philippines, and Thailand, are rich in raw materials (e.g., bauxite, nickel, tin and rare earth elements) required for clean energy products (Bocca & Singh, 2023) and utilise abundance renewable energy sources. To do so, ASEAN should proactively promote intra-regional and international cooperation, particularly for funding and capacity building, to help accelerate energy transitions.

Remarks

Although most parties have agreed to shift away from fossil fuels in COP28, implementation will be another story. COP28 was an important milestone for the dynamic implementation of the Paris Agreement, including the moment of truth to show climate action progress as concluded in the first global stocktake (Vallejo, 2023). It is indispensable to scale up renewable energy and phase out all unabated fossil fuels to achieve net-zero emissions. As a region with fossil fuel dominance, ASEAN should recognise its limitations (i.e., capacity and finances) to transform the energy sector radically with clean energy sources following the COP28 results in tripling renewable energy capacity. It is a fact that ASEAN member states are concerned about new investment costs for renewables in addition to stranded asset costs, and COP28 also offer a new financing opportunity. Still, they should have strong bargaining power to follow up the results as they are not only committing to reduce emissions but also pursuing their own development goals, such as poverty eradication and economic welfare, requiring political approaches to negotiate climate finance assistance against developed countries. Countries with limited capacity should not be left behind regarding economic development for the sake of addressing climate change.

² The Just Energy Transition Partnerships (JETPs), a climate finance mechanism of international consortium financed by France, Germany, the United Kingdom, the United States, and the European Union, known as the International Partners Group (IPG), offers an innovative funding model with three ultimate goals: (i) facilitate the early retirement of fossil-fueled, particularly coal-fired power plants; (ii) mobilise private sector capital to fund decarbonisation activities, and (iii) deliver a 'just transition' for the society.

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