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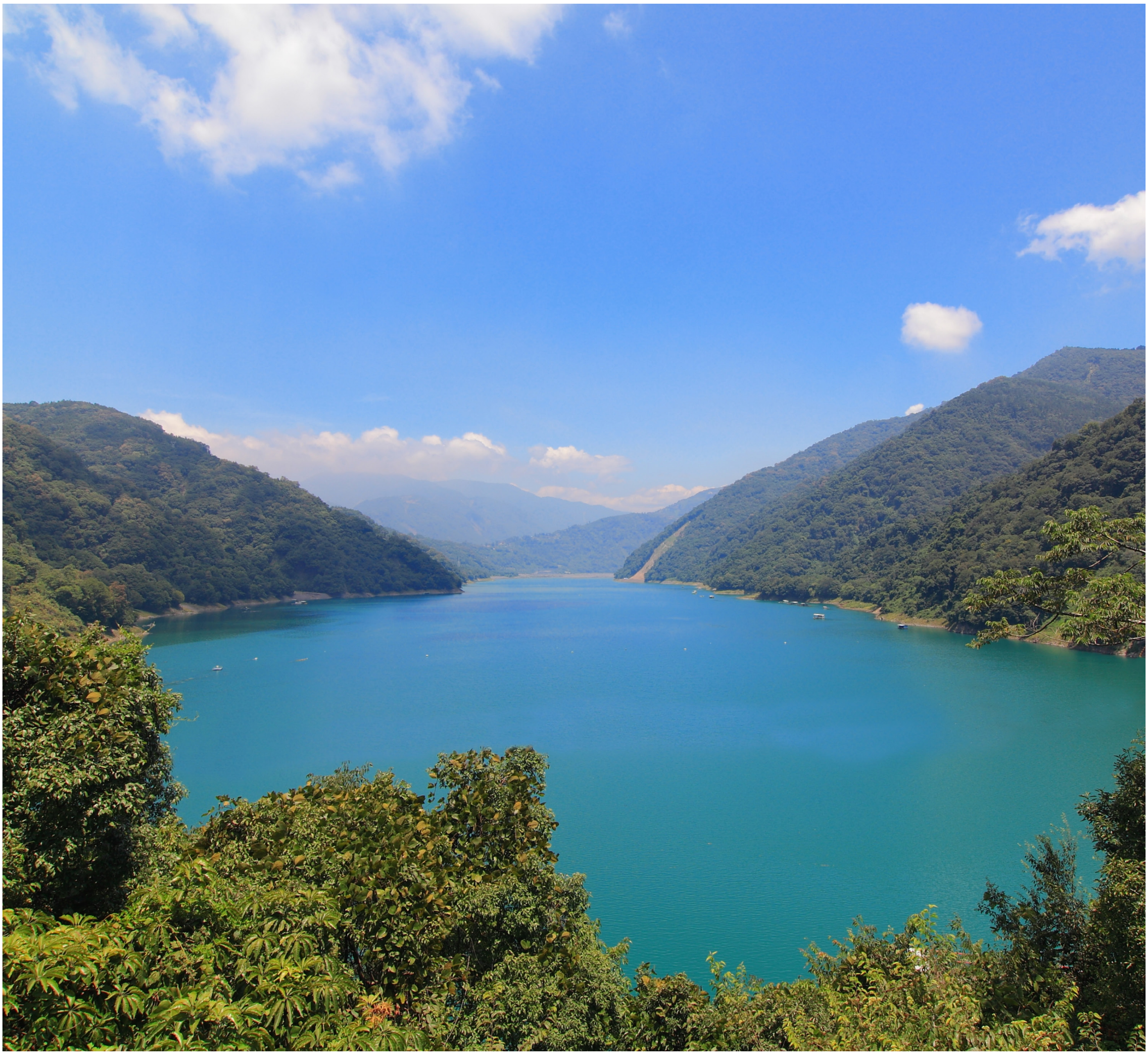

ADB ROUNDTABLE 2025

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Tessa Walsh

Participants:
Priyantha DC Wijayatunga,
Tran Hoai Nam, Peck Khamkanist,
Luca Passa, Maya Rani Puspita,
Jeanne Soh, Ryuta Suzuki

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FOREWORD

As Asia's emerging economies work to bridge an estimated US$800bn-plus gap in annual funding to realise their net-zero transition plans, it is crucial for the region to adopt market-friendly financing structures that attract private capital. It is an undoubted challenge, not least because of the size of the requirement but also because of the lack of consistent definitions and standards across the many jurisdictions in the region that act to deter private investors.

The challenge is not insurmountable, however, but it will need the cooperative input of all stakeholders – governments, corporates, investors, international financial institutions, commercial lenders and, not least, the goodwill of the region's population – to achieve the ambition of decarbonising Asia's economy.

Asia is diverse on several fronts. It comprises numerous countries, all at different stages of economic development, and diverse languages, landscapes and natural resources.

Economic development is important. Governments are faced with their primary responsibility of protecting and improving the lives of their populations while investing in the energy provision of a future of energy security, of sustainable, low-cost energy production and distribution that leaves no one behind.

Some countries in the region are already energy secure, with plentiful fossil fuel deposits that form the basis of an already functioning oil, coal and gas-dependent economy. A reliance on fossil fuels is not a sustainable long-term strategy.

Countries will benefit from the rapid improvements being made in sustainable energy production technology – particularly those near the coast or with water-based electricity generating opportunities.

All countries face the huge task of preparing their energy distribution networks for an electricity-based economy. Some face a bigger task than others. Indonesia is home to more than 17,000 islands, for instance, the Philippines to more than 7,000.

There is progress, however. Improvements in production technology has made sustainable energy projects more efficient and profitable enough for many of them to be bankable in the private sector.

More work needs to be done to create the right environment for private investment in some jurisdictions, however. Assistance comes not just on the domestic front – from government incentives and regulatory facilitation – but internationally from direct and indirect influence and money of international financial institutions and cross-border cooperation.

And the good news: it is already taking place.

At this year's Asian Development Bank meeting in Milan, IFR brought together a panel of experts to explore how governments, corporates, and investors can collaborate to mobilise capital for the energy transition.

ROUNDTABLE PARTICIPANTS

Jeanne Soh

Managing director and head of structured finance Asia, Sumitomo Mitsui Banking Corporation

Soh has spent the past 20 years at SMBC and has more than 25 years' experience in financial structuring, arranging and sector coverage in Asia. Her expertise spans areas such as power, renewable energy, infrastructure and export credit agency financing. Soh has significant knowledge and skills in financial advisory and debt arrangement. She holds a bachelor's degree in arts and social science, with a major in economics and mathematics, from the National University of Singapore.

Peck Khamkanist

Founder and CEO, Impact Electrons Siam

Khamkanist was managing director of CLP Power Thailand and has contributed to global organisations such as ABB Energy Ventures in Zurich, Edison Mission Energy and Sempra Energy in California. His experience including investment and development of power projects, mergers and acquisitions, risk management and energy commodity trading.

Khamkanist led the launch of the 600MW Monsoon Wind project, the largest and first cross-border renewable project in Southeast Asia.

Luca Passa

CFO, Snam

Passa has been CFO of Snam since January 2023 and is a member of the UN CFO Coalition for SDGs. From 2015 to 2022, he worked at Endesa, part of Enel, latterly as CFO and head of administration, finance and control for Iberia. Prior to that, he was head of group investor relations. Passa started his career in London in 1998 at Cantor Fitzgerald and later moved to Lehman Brothers then joined Morgan Stanley in London and Milan. In 2014, he joined Fincantieri as vice president, head of investor relations and special projects.

Maya Rani Puspita

Executive VP corporate finance, PLN (Persero), and president commissioner, Indonesia Power Renewables

Puspita has over 16 years of corporate finance experience in the electricity industry. She has held positions in PLN related to financial institutions and market research, offshore funding, loan monitoring and reporting and other functions. Puspita has worked on transactions in PLN involving export credit agencies, two-step loans, development bank financing, asset securitisation, local bank loans, local bonds and sukuk, and international bank loans and global bonds in dollars, euros and yen. She has also contributed to gender equity programmes.

Ryuta Suzuki

Director general, Japan Bank for International Cooperation

Suzuki has nearly 30 years of experience in development finance and leads a task group in JBIC to promote the Asia Zero Emission Community. He was previously stationed in Istanbul to establish a JBIC representative office and helped apply Japanese energy efficiency technology to Turkish industries to comply with the EU's Carbon Border Adjustment Mechanism Through collaboration with Turkish development banks, he launched JBIC's first green untied loan to support energy efficiency projects.

Priyantha DC Wijayatunga

Senior director, energy sector office, Asian Development Bank

Wijayatunga has over 30 years' experience including 14 years at the ADB. Before taking up his role, he was the director of the South Asia energy division. Wijayatunga was the founding director general of the Public Utilities Commission of Sri Lanka and a senior professor of electrical engineering at the University of Moratuwa. He has contributed extensively to energy policy and regulation, energy planning and clean energy development. Wijayatunga holds a doctorate in power systems economics from Imperial College London.

Tran Hoai Nam

Deputy CEO, HDBank

Tran Hoai Nam is deputy CEO of HDBank since his appointment in May. He has nearly 30 years of experience in banking and finance having held positions at institutions including senior relationship manager at Citibank Vietnam and deputy CEO of Vietnam International Bank.

Tessa Walsh

Editor, green/ESG finance, IFR

Walsh is responsible for covering the rapidly developing green sector and producing a daily ESG briefing. She made the move to sustainable finance after many years of international debt capital markets coverage and was previously global loan editor for LPC at Thomson Reuters.

TESSA WALSH: WELCOME TO SMBC'S AND IFR'S PANEL ON INNOVATIVE FINANCING FOR ASIA'S DECARBONISATION. WE HAVE A LARGE PANEL OF EXPERTS WITH A VERY BROAD RANGE OF PERSPECTIVES INCLUDING CORPORATES, MULTILATERAL DEVELOPMENT BANKS, INTERNATIONAL AND DOMESTIC BANKS AND FINANCIAL INSTITUTIONS AT THE CUTTING-EDGE OF THIS VERY IMPORTANT WORK.

IN THESE CHANGING TIMES, IT'S IMPORTANT TO BRING ALL THESE PERSPECTIVES TOGETHER AND SEE HOW WE CAN COLLABORATE ON A MULTI-TRILLION-DOLLAR ISSUE THAT DEFINES OUR TIMES. THESE PEOPLE ARE VERY MUCH AT THE FOREFRONT OF THAT WORK.

WHAT ARE YOUR PRIORITIES FOR THE ENERGY TRANSITION IN ASIA AND BEYOND AND HOW ARE YOU APPROACHING FINANCING?

MAYA RANI PUSPITA: This is very challenging for PLN because when we talk about the energy transition, we need to take into account the energy "trilemma": ensuring energy sustainability, reliability and affordability to the Indonesian people. We are working out how we find the perfect balance between these three.

The energy mix in Indonesia is still heavily reliant on fossil fuels, but we have begun our energy transition journey. We have a roadmap and we are preparing an electricity business plan for the next 10 years where approximately 70% of additional capacity will come from renewable energy.

Transmission reliability is important because there is 'no transition without transmission'. Indonesia consists of 17,000-plus islands so it will be very challenging for us to develop a single grid across Indonesia within the next 10 years. But we already have pipelines connecting several of the bigger islands.

Financing the energy transition in Indonesia over the next 10 years is expected to require investment of more than US$170bn.

To that end, we need global collaboration with financiers. We need mobilising grants as well as concessional financing. We also need to invite the private sector to participate in the energy transition. Without this, implementation will not be successful.

PECK KHAMKANIST: Our immediate task is to complete the Monsoon wind farm – a 600MW onshore wind project being developed in the southern part of Laos. It's been a challenge but it's been a really fulfilling process.

The site covers 68,000 hectares of land, which is similar in size to Singapore. We've built 178km of road and we've built a 500kV double circuit connected to the Vietnam backbone. And all of that we tried to finish in 25 months, five months ahead of schedule.

Our next project is to add 1GW to the wind farm. That's more a cross-border project between Laos and Vietnam. In addition, we want to supply Laos with energy during the dry season to complement their hydro power. Wind is predominantly generated during the dry season.

Perhaps we can develop more clean energy and deliver to the ASEAN Power Grid connecting to Thailand, Cambodia, Malaysia and Singapore.

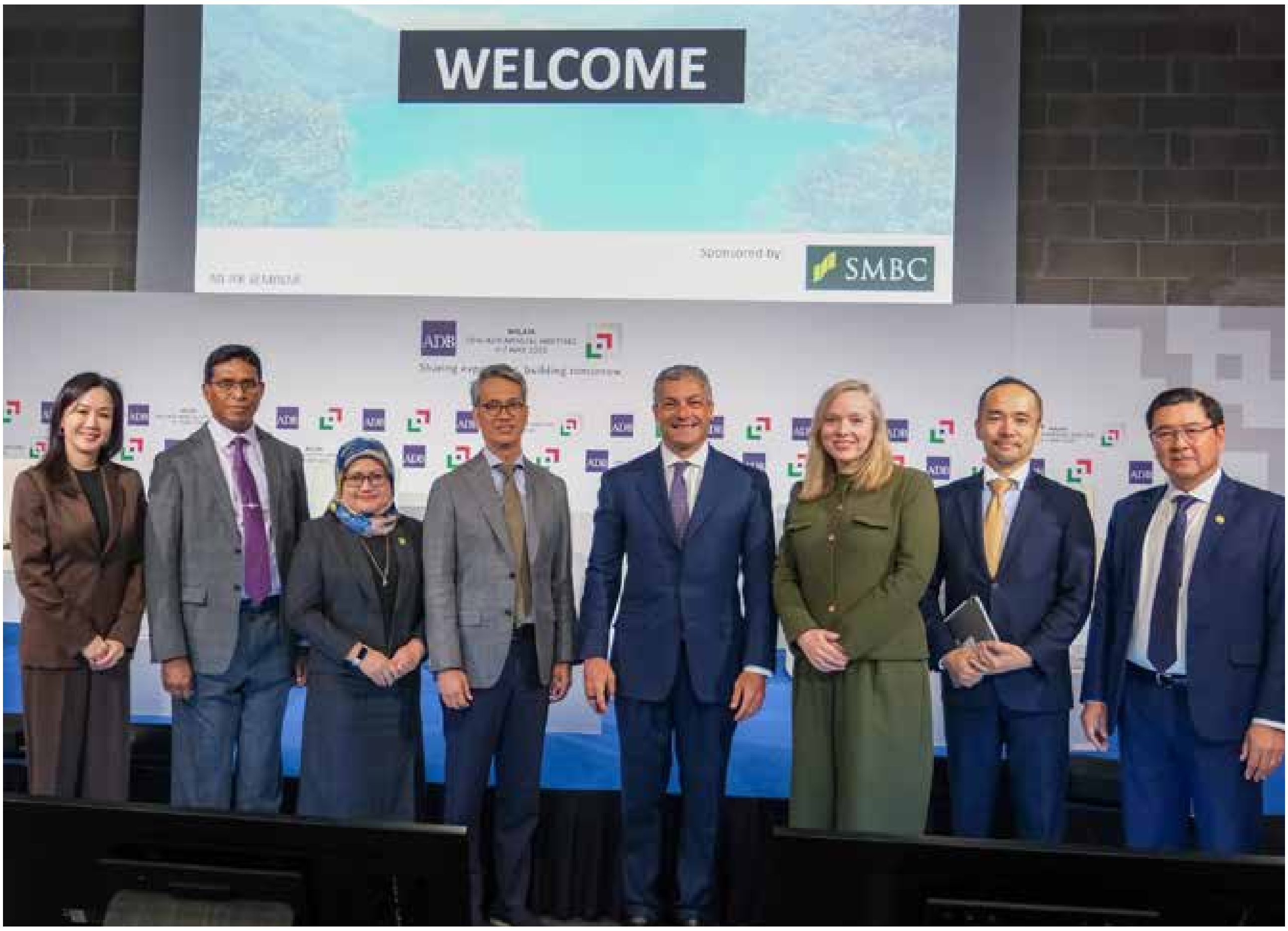
LUCA PASSA: Snam's presence in Asia is limited to China where we provide O&M services for midstream operators. As far as energy transition, we have clear Scope 1, 2, and 3 targets by 2030 and net-zero targets by 2050.

We are also developing the infrastructure to accommodate green molecules when available in scale. We have the largest European carbon capture project that we are developing in Italy, and we are also planning to develop a fully dedicated hydrogen corridor from Algeria to southern Germany.

For us, the transition not only involves a commitment to reducing emissions but also in developing new technologies in order to serve and manage decarbonised molecules at a larger scale than we do today.

PRIYANTHA WIJAYATUNGA: Everything we do is in line with the energy transition. Energy sector operations are based on our 2021 energy policy, which has five important principles.

Our main responsibility is towards our developing member countries, where there are still energy access issues: about 65 million people do not have access to electricity and about 350 million people have no adequate access. We have to serve those populations.



In parallel, we have responsibility towards environmental sustainability. That's the second principle.

Fortunately, we are in an era in which we can address both; they are not mutually exclusive as they were in the past, thanks to the falling cost of renewable energy, batteries, etc.

The third area is governance. You can't attract investments to the Asia-Pacific region if governance is not improved because you need to attract an enormous amount of private sector capital for investments to meet demand growth.

The fourth is regional cooperation. When you have a larger geographic area of cooperation then you have a better optimal solution.

The final one – the most important – is that we are focusing on energy projects as solutions. We have to recognise the fact that all our solutions are cross-sectoral in nature, solving a problem for the population. Energy is a component within that.

We have been investing a lot on network strengthening, transmission and distribution networks because without corresponding network investments, you cannot deploy increasing clean energy capacities in the system; intermittent renewable energy requires investments in smart networks.

We leave the generation side to the private sector because that's where it's commercially attractive. Transmission is more in the sovereign space. That's where most of our sovereign investments have gone and it will continue to be the case for some time.

We may still have to bring in sovereign investments for generation when it's the first of a kind in a particular country. In Sri Lanka, for instance, we invested in its first large-scale wind park.

When it comes to financing, we have three forms of interventions. One is sovereign financing. That's very important if you go through the government, and we can invest in government-sponsored projects through sovereign financing, and in interventions enabling the private sector to come in.

The second form is private sector financing. We have a private sector window, which looks after private sector financing. We have a lot of people working on this.

The third is the Office of Market Development and PPP. That's where we try to find ways and means of enabling both the private and public sector to work together through PPPs and we provide transaction advisory services.

RYUTA SUZUKI: Our top priority is to promote, implement, and materialise a practical and realistic energy transition in Asia. When we think about energy transition, we must recognise that the situation in Asia is so much different than in Europe.

The appropriate locations for renewable energy are limited. On top of that, the transmission capacity and network are not sufficient to deliver renewable energy to the demand side.

As Asian countries need to pursue economic growth, it is very important not to sacrifice economic growth to achieve carbon neutrality or net zero or decarbonisation.

Under AZEC [Asia Zero Emission Community], we have already adopted the basic principle, which is a triple breakthrough: to achieve decarbonisation, ensuring energy security without sacrificing economic growth. Under AZEC, we have promoted Japanese advanced technology to achieve decarbonisation without sacrificing economic growth.

Many people focus on the generation side to achieve net zero. Of course, this is good, but to deliver the generated capacity to the demand side, we have to develop transmission lines.

I echo the significance of the concept of "no transition without transmission". This is very important. The development of a transmission network is our number one priority.

Number two is energy efficiency. We have to address the whole value chain, not only energy generation but also the middle stream – transmission – and also downstream, the efficient use of energy through technology.

While we are ready to extend our financial support for these middle and downstream sectors, we have faced some difficulty in encouraging the participation of private capital to invest in this kind of transitional finance because it is not regarded as a pure green project. We need to prioritise this part of the value chain rather than just the production of renewable energy.

JEANNE SOH: At SMBC, our main role is to support the countries as well as our clients in their energy transition and decarbonisation efforts. We have seen a lot of energy transition taking place in Asia. A lot of renewable capacity has been built, and that is one area in which we have played a very important role. We have supported offshore wind development in Taiwan, for instance, and we have supported a lot of renewable energy projects – wind, solar and now hybrid projects – in India and Southeast Asia.

We want to support new technologies as well. We have been financing EV buses in India, and we have also been looking at a green ammonia project in India as well. There are other new technologies that we need to continue to help and support with our partners.

Gas as a transition fuel is another area of interest. In many countries, like Indonesia and Vietnam, gas is still a transition fuel, and therefore we will continue to look at some of the gas-fired power projects.

Another area worthy of mention involves some landmark cross-border transactions. Monsoon, for instance, is a very important project for us and also for Asia as it is an example of exporting renewable energy from Laos to Vietnam. Some countries in Asia, such as Singapore, suffer from a scarcity of renewable energy generation. In Singapore, we are looking at a similar energy importing project from neighbouring countries.

It is very important for us to unlock all this renewable capacity.

TRAN HOAI NAM: I totally agree with JBIC and SMBC in terms of the priority for the transition. Vietnam is already suffering from the effects of climate change and that's why we need the transition here – to reduce climate change in Vietnam.

At COP26, our prime minister committed Vietnam to meet net zero by 2050. We have done a lot since then – we can see lots of solar roofto, solar farms and wind power implementation – but it will be a difficult target to meet.

Vietnam primarily needs more renewable energy and then a grid network, not only within Vietnam, but also across the border into Laos or Cambodia. That will enable us to import electricity but also export surplus energy to other countries.

The first priority for Vietnam is to finance renewable energy. A key point for HDBank is to find financing for our clients. We work with the likes of ADB, SMBC and IFC, and many others in order to get funds – green lending or green bonds.

Even when we find finance, pricing is also very important. If we get are charged a high interest rate, how can we serve our clients? The cost of funds is important as Vietnam needs to invest a huge amount.

Vietnam has great potential in terms of offshore wind power. That's why we need the financing.

Our role is a financier in Vietnam but we also need to look outside Vietnam where we can find cheaper financing.

TESSA WALSH: HOW ARE THE CHANGING GEOPOLITICAL SHIFTS INFLUENCING THE ENERGY MIX AND HOW IS FINANCING RESPONDING?

JEANNE SOH: They definitely affect the investment environment as well as projects; none of us are sure about the impact of tariffs.

One of the key concerns is the supply chain and the potential increase in costs on infrastructure projects. That will affect investor confidence as well as the bankability of these projects.

Geopolitical uncertainty may also cause investors to put investment plans on hold. That will affect the development of energy transition projects.

LUCA PASSA: Our business was really affected, in particular with gas flows. Before the Ukraine war, Europe was importing more than 40% of its supply from Russia via pipelines. Today it's close to zero. That means that we needed to accommodate a 360-degree turn in gas flows and more investments in infrastructure, transport and storage are needed to regain the flexibility to accommodate these changes for the longer term.

We had to build two new gas facilities in Italy for 10 billion cubic metres of capacity. Over a five-year period, we will invest €12.4bn and that needs proper and tailored financing.

Our funding plans over the next five years are around €15bn, which means we need to be in the market for €3bn –€4bn annually. We plan to finance our investment through sustainable finance.

Some 85% of our funding is sustainable – green bonds, use-of-proceeds instruments, as well as sustainability-linked bonds, with targets linked to emission reductions. By 2029, 90% of our funding will be fully sustainable.

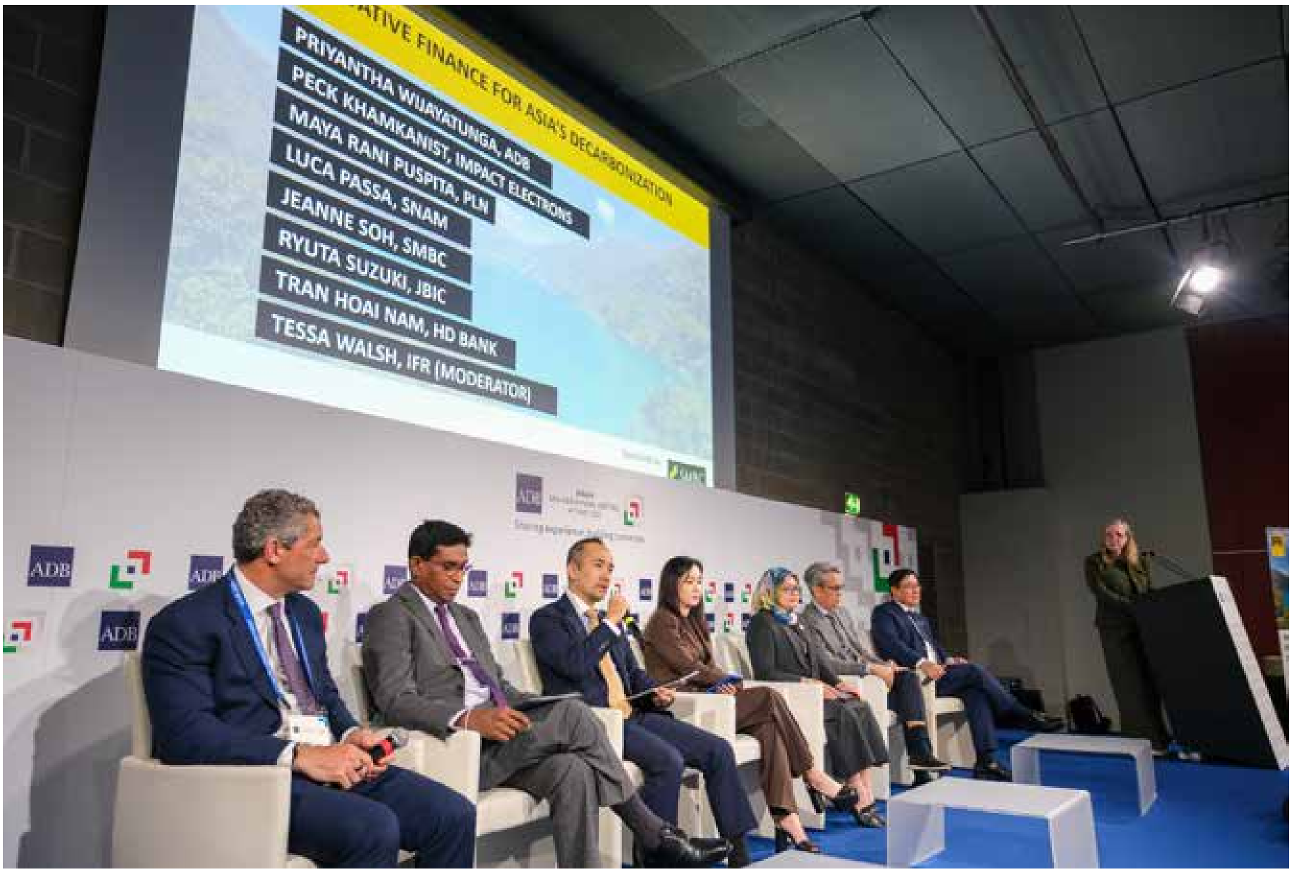
MAYA RANI PUSPITA: We haven't seen any significant changes in Indonesia because we are energy self-sufficient. That said, issues in the supply chain and technology will impact us sooner or later.

Because PLN has pursued a variety of financing schemes, we are confident of securing the financing we need for the energy transition.

If we look at the Trump administration and it stopping USAID and USTDA, that impacts PLN because we receive some grants – not a significant amount – but we're not hugely worried about that.

We still have other partners. SMBC, for example, has supported us with more than US$200m of financing for several projects. JBIC has also supported us with more than US$500m of financing and ADB has provided more than US$2.5bn.

What is important to us in this period of geopolitical change is ensuring global collaboration. Energy transition in Indonesia is not only for Indonesia – we share the same air – so we continue to ask international institutions for support, not only on financing but on project development, including grants and technical assistance.



RYUTA SUZUKI: I do not see any significant negative impact on the global trends on decarbonisation from geopolitics, although some countries have changed their policy to continue using natural gas and LNG for energy and industry.

JBIC believes the use of gas is a practical and realistic solution for many Asian countries. It's quite useful for transition to convert a coal-fired power plant to a gas-fired power plant.

We sometimes find it difficult to secure private bank participation for gas-related facilities. I believe we need a mechanism to encourage private financial institutions or capital market players to invest in gas-related facilities if those facilities are considered a practical, realistic solution for the energy transition.

PRIYANTHA WIJAYATUNGA: The choice of a country's energy mix is a function of how they view energy security, affordability and environmental/sustainability issues.

Changes in the global geopolitical landscape mainly affects the fossil fuel ecosystem. In a way, recent geopolitical developments have been positive for the clean energy ecosystem, simply because clean energy is better for many countries from an energy security perspective.

Affordability. Clean energy sources are now becoming competitive with fossil fuels. So, that's another bonus.

As the energy mix changes towards renewable sources, the impact from geopolitics, as they mostly affect the cost of fossil fuels, will diminish. There is still an impact on the supply chain and technology but I don't think the overall direction towards renewable energy deployment will change that much.

TESSA WALSH: ARE YOU NOTICING ANY CHANGES WITH MONSOON? HOW ARE YOU APPROACHING THE SITUATION?

PECK KHAMKANIST: The US is far away from our space so I can't comment on that. What I do see is a growing emphasis and more collaboration among ASEAN nations. I think we'll be fine in terms of geopolitics.

The ASEAN grid is a big discussion point. And I think Monsoon can be a foundation model for the ASEAN grid.

The important thing is bankability. How do you make renewable energy bankable cross-border? That takes a lot of hard work and creativity. We're fortunate that we have the ADB. It has believed in and supported us for the past 12 years. They went into battle for us in trying to get Monsoon bankable – and we did. We successfully achieved a non-recourse project financing for the Monsoon Wind Project in an amount of US$692.5m with DFI [development finance institution] and lenders. SMBC is the only international commercial lender.

TRAN HOAI NAM: Vietnam has a lot of potential in terms of solar energy and wind power. For the transition, Vietnam is aiming for energy self-sufficiency and even looking to export surplus energy to our neighbours.

The problem we face in realising our ambition is, again, financing. We have several means of financing.

We can source funds locally, issuing local currency green bonds to finance our clients' rooftop solar panels, solar farms, wind power and electric vehicles.

The second sort of financing comes from DFI financing. That is working for us quite well at the moment. We can get credit line from International Finance Corp, from Proparco [the private sector financing branch of Agence Francaise de Developpement]. We also issued a US$100m green bond in US dollars with IFC as one of the investors.

The third type of financing Vietnam is encouraging is foreign direct investment into renewable energy and climate change. FDI has grown quite quickly over the last three years.

TESSA WALSH: WHAT DO YOU SEE AS THE ROLE OF GOVERNMENT?

TRAN HOAI NAM: Government support is very important for every industry, especially as we change from traditional to renewable energy.

Vietnam has a very ambitious plan, the Power Development Plan VIII, which is a guideline for the shift in the energy mix from coal to renewables.

By 2030, 30% of the total power generation in Vietnam will come from solar and 16% from wind power. The government is also encouraging hydrogen – as much as a 15% contribution to Vietnam's energy by 2030.

That is the plan, but we need execution. We also need investors. We need competitive pricing.

Government support will be very important for investors to feel comfortable in making an investment and for projects to turn a profit.

In terms of the banking sector, we are looking for support from the government in terms of preferable borrowing rates so that way we can lend to the end-user at a low cost of funds.

PECK KHAMKANIST: I see government support as important with respect to regional connectivity. Laos has 6 million people. Southern Laos can house around 6GW of clean energy: hydro, wind and solar. We need first to satisfy the local demand and can export significant clean energy after. How do we make that bankable? I think we work together with the Vietnamese government. Our PPA on Monsoon proves we can achieve international bankability but I think Laos has the ability to connect to Cambodia and Thailand and, with the existing transmission facility, even to Malaysia and Singapore.

Now is the time for ASEAN countries to come together to enable this development. There's no better time and I think, around this room, we can make that happen through working with governments, DFIs and international lenders.

MAYA RANI PUSPITA: PLN is a state-owned electricity company so we are heavily regulated, and we have lots of support from the government.

Renewable energy is still more expensive in Indonesia than business-as-usual fossil fuels. The government provides subsidies and compensation to PLN from the negative spread between our cost of production and the electricity tariff set by the government. This is an example of how the government supports decarbonisation.

The government also supports PLN through equity injections, especially for non-commercially viable projects, for example, rural electrification. With 17,000-plus islands and so many remote areas that need to be provided with electricity, PLN needs government equity injection for those kinds of projects.

From a regulatory perspective, earlier this year, the ministry of finance issued a decree enabling PLN and the private sector to benefit from a government guarantee under certain conditions, especially for renewable energy development. This is very important for financing the energy transition in Indonesia.

Also, the ministry of energy and mineral resources has just issued regulations with regard to the energy transition roadmap, trying to bring more people into the ecosystem and outlining how PLN will be able to execute the project.

In terms of financing, we need innovative financing with blended finance through PPPs, for example, and we also need to mobilise grants and technical assistance from international institutions.

We are also seeing participation of the private sector in transmission lines. At the moment, the private sector can enter power generation under the PPP scheme but now we are looking at the legal and regulatory aspect of whether it will be possible and beneficial to invite the private sector into the transmission system, something that has never been done before.

Under the Energy Transition Plan, we estimate that around 46,000km of transmission needs to be developed, including the inter-island interconnection, which has massive investment cost implications. That's why we want to bring more financiers and more private sector developers to participate in the energy transition journey.

JEANNE SOH: Government support is critical in scaling up green energy but they have to have the right policy and framework. In India, for instance, the government changed the PPA structure, which has made it more bankable, and there has been an immediate scaling up of renewable capacity in India.

With renewables or new technologies, the upfront investment required can be very high, so we need incentives to support this development. In Taiwan, for example, the government initiated a feed-in tariff regime. As the cost of investment starts to diminish, they can move from FiT to auction.

Government support alone is obviously not enough, however, and every stakeholder plays an important role.

International financing institutions, multilateral banks, and export credit agencies provide concessionary financing and take risks that commercial banks cannot. They are also there to provide credit or political enhancement to unlock more commercial capital.

Commercial banks will come in to projects on the back of this support but we expect that all the risks are being addressed. As commercial lenders, we should also help to structure and provide innovative and flexible financing.

Not all risks can be completely addressed. With Monsoon, for instance, SMBC is the only commercial lender in that project because we are able to take risks that other lenders could not.

RYUTA SUZUKI: There is enough liquidity to support green projects but we need some sort of mechanism to encourage private finance into the transition.

Governments could help encourage private finance by providing a common definition to the concept of transition finance, which could be much wider than green finance or green bonds, so we can extend our financial support to really useful transition projects.

Support for the expansion and modernisation of the power grid is a challenge. It is not defined as a green project because brown or black electricity would also be transmitted. Only the transmission line connecting offshore wind power to the grid is categorised as a green project, but it is not good just to support only green transmission lines. We need to modernise the whole grid.

A common definition of transition finance is a key to achieving the transition in Asia.

We also need stakeholders, especially the IFIs, to collaborate. If we can convince the government to provide incentives then collaboration with MDBs, like the ADB, is very useful.

Likewise, co-financing with international finance institutions like SMBC, is very powerful. Collaboration with local partners, like HDBank, is also useful in delivering our financial service to end-users in host countries.

PRIYANTHA WIJAYATUNGA: A government's role is central to energy transition.

They are the representatives of the population we are trying to serve. We need to make sure that governments are on board and do the right thing.

They must bring in the right policies to create an enabling environment that attracts the private sector to finance enormous investment needs in the energy sector in each country.

Definitions of transition finance also help. These eventually flow down to banks, the financing institutions and so on, where they work towards energy transition.

It is worth remembering that even with all these things in place, if you don't have the right people to run energy sector institutions, the institutional capacity will be seriously affected, you can't get anything done. That's important.

You have to have the capacity. Governments need the help of the likes of ADB and JBIC to support developing that capacity. These are important interventions that governments can make.

Governments should also identify and distinguish where the government's specific role is and where the private sector's role is.

A good example here is Cambodia Solar Park. The government provided investment for its development and power evacuation transmission lines, while the private sector financed the generation plants. That mitigated some of the risks and brought down the overall cost of financing leading to one of the lowest costs of solar energy.

LUCA PASSA: What we need from governments is more financial support. The amount of investment needed for the energy transition runs into hundreds of billions of dollars. The private sector cannot support this kind of investment volume alone and it needs help.

We need blended financing with governments and multinationals to fund a new generation mix, a new transmission mix, and a new distribution mix around energy transition.

In Europe, we have the European Commission that is trying to set the best rules to help. We have the EU Taxonomy for sustainable finance, for example, which tries to define what is transition finance and what is not. We are heading in the right direction but in the end, we will need more financial support where private capital is blended and supported by public capital.

TESSA WALSH: THANK YOU VERY MUCH FOR YOUR INSIGHTS

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