

# Preliminary Comments

## On DRAFT ADB Energy Strategy 2007

**June 18, 2007 (These were submitted to ADB at the Delhi consultation on June 18, and some of these issues were also raised at the consultation.)**

These are preliminary comments on the DRAFT ADB Energy Strategy, we would be submitting detailed comments at a latter stage.

**1. Consultations** The way current consultations are held, it does not carry much credibility, since the ADB management that formulated the draft policy also decides what to do with the comments, suggestions. If the process is to have some credibility, it should be conducted by credible independent panel that reviews the issues raised and ADB response and also says to what extent ADB response was adequate. Of course the selection of such a panel has to be credible so that the experience of the water policy review panel is not repeated, where the panel said what ADB anyway wanted!!!

**2. General Comments on the Strategy** The Energy Strategy (ES) makes many politically correct statements, including on energy efficiency, renewable energy, low carbon projects, etc, but has little by way of specific targets. Such general statements, which were there in 1995 policy and 2000 review, do not mean much as long as there are no targets and actions.

**3. ES will increase global warming** The strategy gives a picture that it is concerned about global warming, but the energy strategy would only increase it!

**4. ADB funding for Large Hydro** The claims in para 54 (and also para 37) that large hydro is renewable, clean, reliable and flexible are all highly questionable. The claim of it being efficient is vague at best. It is certainly not renewable since the reservoir silt up, among other reasons. It is certainly not clean as reservoirs at least in tropical countries emit substantial amounts of methane, in many cases higher than those from combined cycle gas based power projects. It is not reliable in the age of global warming when glaciers are melting and when monsoon is getting more unpredictable. It has not flexibility if you are talking about run of the river projects.

**5. Violations in Uttaranchal** ADB's ongoing Uttaranchal Power project (including four small hydropower projects, which are also submitted for CDM credits) in India and the planned funding of the three Kotli Bhel large hydropower projects in Uttaranchal have already seen violations in terms of non consultation of affected people, not conducting comprehensive EIA for the individual projects, flawed information in the EIA and project design documents, incomplete survey work for the EIAs, flawed public hearings, attempts not to take responsibility for the full projects, by attempting to fund only the transmission component, no comprehensive options assessment, no basin wide cumulative impact assessment, among others.

**Under the circumstances, ADB's intentions of funding large hydro (Para 77) is unacceptable.**

**6. Sustainable Energy** If ADB really believes in this than it needs specific targets about GHG emissions of its energy portfolio. The first step would be to measure the total emission of its energy portfolio and country wise energy portfolio in 2007 as soon as possible. Here is a suggested target: the emission potential of ADB energy portfolio should reduce by 20% from current level in five years and by 20 % in each 5 years cycle.

**7. Energy Efficiency** The ES accepts (Para 35), "Energy Efficiency is the most cost effective source of reducing energy gap, carbon emissions, and reliance on expensive hydrocarbon imports. Studies have shown that adoption of proper and effective energy conservation measures can reduce energy demand by 20%". This is a huge potential which has largely remained untapped even though the ADB 1995 policy also talked about it, there is little significant progress. In countries like India the potential from EE is larger, with 20% potential only in the Demand Side management. In addition there is a very huge scope in improving supply side generation, in reducing T&D losses, in peak demand management, in better maintenance of existing infrastructure and so on. The least one can expect from ADB is to have a clearly defined targets, say 33% of ADB's power sector funding will be for EE projects.

8. **Renewable Energy** Renewables (Solar, Wind, biomass and hydro less than 10 MW provided they follow WCD guidelines) have huge potential (para 73 says it can be 5-10 times current share and increase to 10-20% of total electricity supply, but that is a conservative estimates. Even a die hard main streamer like President Bush says that US can generate 20% of its power supply from wind energy alone. Putting devils aside, the fact is the potential is much larger than what ADB has projected.), but ADB has done little for it in its energy portfolio. ADB needs clearly defined targets, including say 33% of ADB's power sector funding will be for RE projects.

9. **Reducing Consumption** There is no word in the Energy Scenario that one of the option is to find ways to reduce our current energy consumption. Here are a couple of quick suggestions how this is possible.

- **System of Rice Intensification** If this new method of rice cultivation is used extensively, it can reduce the water demand for rice cultivation by upto 50%, seed requirement by upto 90%, eliminate the chemicals required and yet increase the yields by upto 50% or even more. If similar methods are tried for other crops, the total energy consumption in agriculture can come down significantly.

- **Organic Farming** Similarly, organic farming can reduce the energy demand in agriculture and related areas significantly.

10. **Energy for All** Amazingly, this is one of the shortest sections of the ES and the content is even shorter in substance. This clearly shows ADB's lack of seriousness on this issue and ADB only wants to use the lack of access to what it calls modern forms of energy to push for more generation capacities, without meaning to ensure that the unreached are reached. The fact is that you do not necessarily need to add to generation capacities if you want to reach the unreached. There are so many examples where communities staying near the huge generation capacities do not have access to the electricity generated. Moreover, ADB's blind advocacy for privatisation of power sector actually is in contradiction with the Energy for all goal as private sector has no interest in rural electrification or ensuring that everyone gets power. This is also evident from the experience of power sector reforms in Orissa in Eastern India. If there is any seriousness in reaching the unreached, than the least ADB can do it to have time bound targets in the strategy and specific allocations for this. Say at least 20% of the power sector portfolio should be for ensuring that those who do not have access to electricity get it, in say next ten years.

11. **Governance reforms = Privatisation?** It is clear that ADB equates governance reform in power sector with privatisation (see Para 65 and 89), but this is clearly a fundamentally flawed proposition. There are many ways in which power sector needs reforms to achieve greater transparency, accountability, participation, equity, sustainability and efficiency. Privatisation is not necessary to achieve any of these and in a basically monopoly sector like the power sector, there is little benefit in privatisation. Experience shows that privatisation helps little in achieving these objectives. But ADB's ES is very short on honest exercise of learning from the past experiences, and this needs to be built into the ES. In any case, there is no need for privatisation of power sector and equation of reforms with privatisation is unacceptable.

**Bipin Chandra and Himanshu Thakkar** [ht.sandrp@gmail.com](mailto:ht.sandrp@gmail.com)  
South Asia Network on Dams, Rivers & People ([www.sandrp.in](http://www.sandrp.in))  
Delhi In dia