

Media Release

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Indonesia and Vietnam can accelerate transition to clean energy and cut costs: new AIGCC ASEAN power sector analysis

The cost of building new solar and wind energy in the Association of Southeast Asian Nations (ASEAN) is now cheaper than coal and gas, allowing the region to accelerate its net zero transition with the right policy reforms, a new analysis released by the Asia Investor Group on Climate Change (AIGCC) has found.

However, the analysis also shows that, unless alternative action is taken, nearly half of incremental energy demand between 2020 to 2030 is expected to be met by coal, despite ASEAN governments' commitments to shift their energy mix towards renewable sources.

The energy system analysis – conducted by WaterRock Energy Economics for AIGCC – provides a deep dive into the power markets in Indonesia and Vietnam as together they will account for more than 70 per cent of the incremental carbon dioxide (CO₂) emissions in ASEAN within this decade.

Based on a total value framework that takes into account sustainability, cost, and security, alternative power generation mix scenarios were generated optimising for cost, subject to demand.

Among its findings the report shows:

- Higher solar and wind penetration can lower the average system cost in Indonesia and Vietnam, while meeting demand growth and without impacting on the stability of power supply.
- A more aggressive approach to deploying renewables, backed by market reform and energy efficiency efforts, can see CO₂ emissions from the power sector peak earlier in 2025 in Indonesia and 2027 in Vietnam.
- Key barriers remain – requiring policy action, stakeholder engagement and innovative solutions.
- Under current conditions, greenhouse gas emissions will continue to increase in the ASEAN power sector at an annual growth rate of 4.2 per cent, representing a misalignment with global decarbonisation trends.

AIGCC Chief Executive Officer, Rebecca Mikula-Wright, said: "Over the last decade the ASEAN power market grew almost five per cent a year to reach approximately the same market size as Japan.



“ASEAN’s renewable resources are not yet fully utilised. Given projected healthy economic growth, coupled with its beneficial geographical position, ASEAN nations wield massive growth potential in the clean energy sector.

“The findings of AIGCC’s analysis also arrive at a critical time as we are witnessing the ramifications of China’s ongoing energy crisis, which underscores the urgency for countries to fully commit to and move towards a diversified and net zero emissions energy sources as soon as possible.

“By working with investors to put in place robust policies, strong targets and market reforms, ASEAN governments can unlock these enormous investment opportunities, which in turn will usher in opportunities for jobs, economic growth and competitive advantage.”

A full copy of the paper – Power of ASEAN: Accelerating clean energy in Vietnam and Indonesia – can be downloaded [here](#).

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ABOUT AIGCC

The Asia Investor Group on Climate Change (AIGCC) is an initiative to create awareness and encourage action among Asia’s asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing. AIGCC provides capacity for investors to share best practice and to collaborate on investment activity, credit analysis, risk management, engagement and policy. With a strong international profile and significant network, AIGCC represents the Asian investor perspective in the evolving global discussions on climate change and the transition to a greener economy. AIGCC has over 50 members from 13 markets representing over \$US26 trillion in assets under management. www.aigcc.net