Renewable Energy Guidelines on Biomass and Biogas Power Project Development

Good practice for ASEAN


Arne Schweinfurth
GIZ Principal Advisor
Renewable Energy Support Programme for ASEAN (ASEAN-RESP)
arine.schweinfurth@giz.de
Rationale for RE Guidelines
The Guidelines
Summary and Discussion
Rationale: Policy vs. implementation

- Ambitious **RE targets** are in place
- **Political commitment** is given
- **RE support policies** are developed and implemented
- But: **Large scale** deployment not fully reached

- **Tariffs too low?**
- **Support mechanisms wrong?**
- **Administrative procedures!**
Rationale: Permitting procedures as cost factor

- Complex permitting procedures and regulation on grid access **hamper market development**
- Administrative barriers have a **financial impact** on system costs
- Administrative costs **affect soft costs components** such as capital costs and profit - risk premium!
Rationale: Impact of administration & regulation on RE

Overall share (%) of legal-administrative costs over total project development costs (excl. PV equipment)
Rationale: Impact of administration & regulation on RE

Share of soft costs in residential PV system costs

“Soft costs” determine system costs!

Total soft costs for residential PV in Germany, including margin, are just 19% of the implied soft costs for U.S. residential PV ($0.62/W vs. $3.34/W)

Notes: US module and inverter prices are based on average factory gate prices for Q4 2010-Q3 2011 as reported by GTM/SEIA with an adder of 10% to account for supply chain costs. Inverter efficiency assumed to be 85%.
Rationale: Cost reduction through simple procedures

Simple & transparent permitting procedures can reduce CAPEX costs

10% levelized cost saving potential

Source RE-Shaping: Towards Triple-A Policies: More Renewable Energy at lower cost
ASEAN: Common challenges in permitting procedures

- Many different **government levels** involved
- Central policy vs. **decentral approval**
- **Differing procedures** in different regions
- Involvement of **many authorities** for minor licences
- **Mismatch** between size of project and number of licenses (10 MW = 100 kW)
- Regulations in place but **not disseminated**
- Procedures **not ‘bankable’**
ASEAN: Transparency issues

“Where are eligible locations for the power plant?”

“How much time does the issuing of the environmental permit take?”

“What are the costs to obtain a temporary production license?”

“It took me almost 3 years to obtain several hundred licenses and permits!”

“There is a regulation for the local government, but nobody knows about it”

“That’s not a problem, just call me!”
ASEAN: In a nutshell

Making procedures **transparent** and analyzing the administrative procedures and regulation is **key to** further RE development!
RE Guidelines
Renewable Energy Guidelines on Biomass and Biogas Power Project Development in Indonesia

Download the guidelines here: http://www.re-guidelines.info/
Guidelines: e-Guidebook & Online Platform

Electronic Guidebook

- PDF Format
- Clickable
- Offline use
- Printable

www.re-guidelines.info

Online Platform

- Online access using any web browser
- Easy to update and maintain
- Link to related resources (reports, studies, regulations...)

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Rationale: Why RE Guidelines?

- How is the **process**?
- Where are the **challenges**?
- What are the **requirements**?

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<thead>
<tr>
<th>Project Developers/Investors</th>
<th>Policymakers/Authorities</th>
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<tr>
<td>• Access to <strong>clear information</strong> on the administrative procedures (relevant authorities, permits...) and become more confident in RE investment;</td>
<td>• Appropriate <strong>tool</strong> to communicate up-to-date information to project developers;</td>
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<td>• Highlight the associated <strong>challenges</strong> in RE project development.</td>
<td>• Be aware of the <strong>challenges</strong> faced by the developers;</td>
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<td>• <strong>Streamline</strong> procedures if possible</td>
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Guidelines: Where and what is to be covered?

- **Malaysia**
  - Solar PV
  - Small hydropower (up to 30 MW)

- **Vietnam**
  - Biomass/biogas

- **Indonesia**
  - Biomass/biogas
  - Mini hydropower (up to 10 MW)

- **Philippines**
  - Solar PV
Summary and Discussion

- EPC, banks, investors and administrations are getting first experience with RE power plants – it’s time to look at admin!

- Administrative procedures need to be practiced by all stakeholders to become efficient – allow learning and monitor it!

- Roof top PV needs other procedures than a large MW power plant – make it adequate!

- Countries with streamlined administrative procedures will be in advantage!
Thank you!

www.re-guidelines.info

www.aseanrenewables.info