



Making the Coal Transition Feasible: Insights on how to early retire coal-fired power plants and the context in Indonesia

IESR/Carbon Tracker Initiative Webinar

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Presentation outline

1. Who are we?
2. COVID-19 on power generation and Indonesian coal power economics
3. New study: Economic recovery and potential refinancing mechanisms to accelerate the energy transition

Who we are

Identity

Carbon Tracker is an independent non profit financial think tank funded by EU and US foundations interested in climate.

Vision

To enable a climate secure global energy market by aligning the capital markets with climate science.

Mission

Mapping the transition for the fossil fuel industry to stay within a two degree budget.

Strategy

Empower **investors** to identify and switch off capital to the highest cost, highest carbon projects.



Engage with **companies** to re-assess both the viability of such projects and of their business model.



Educate mainstream **financial markets** and **policy-makers** over the risk of a disorderly transition.

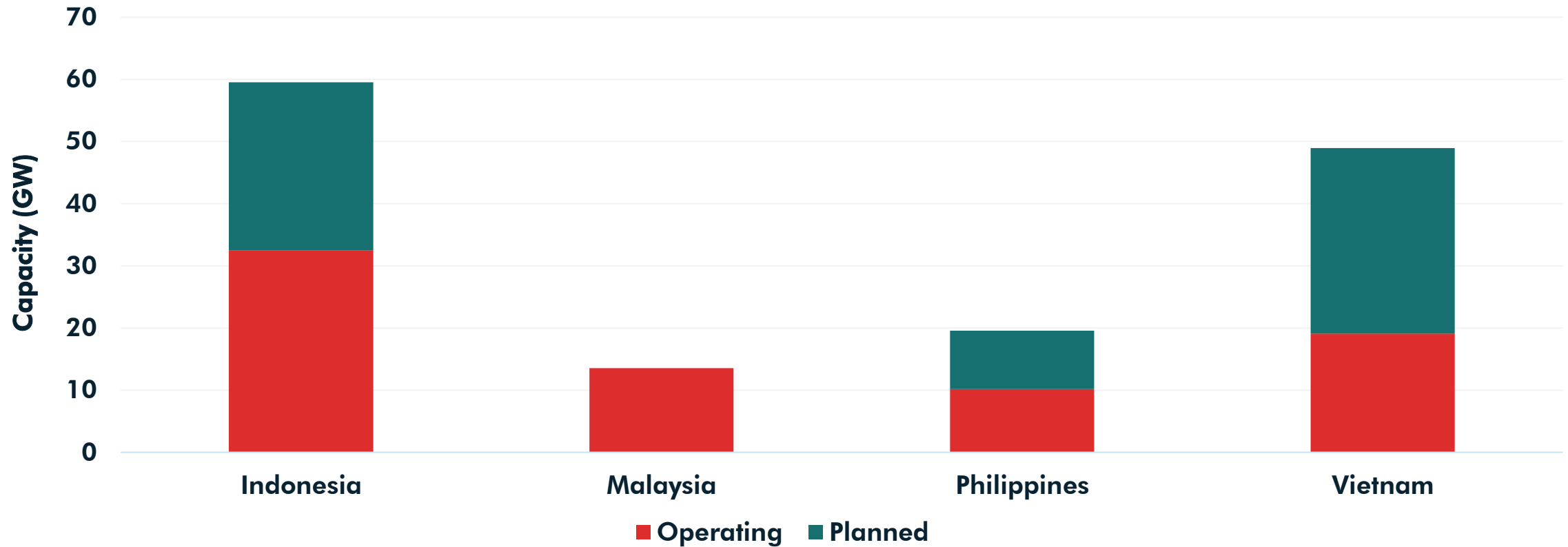


Work with **financial regulators** to bring transparency on carbon and stranded asset risk and the fossil fuel risk premium.



Southeast Asian coal capacity update

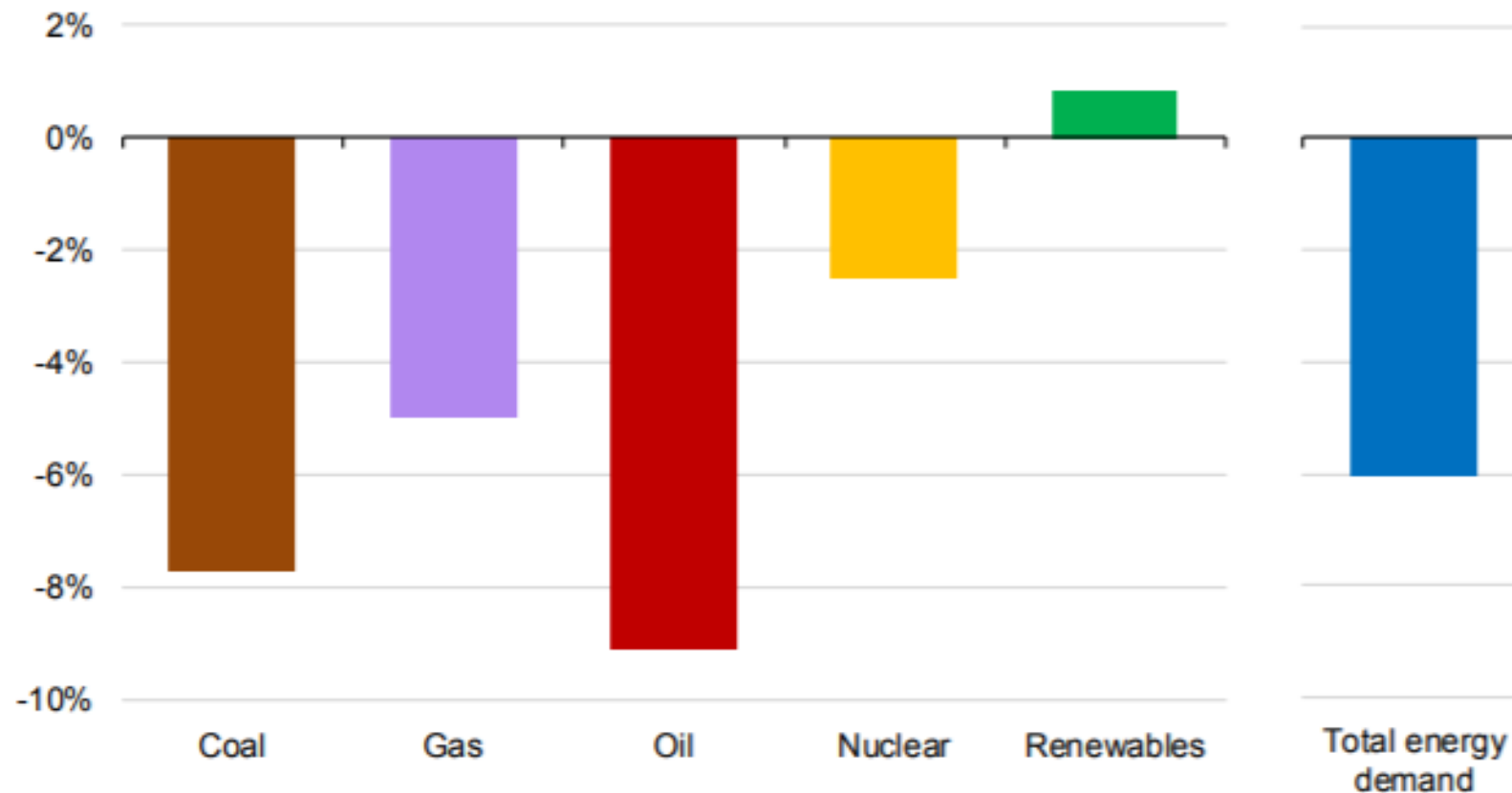
Operating and planned coal capacity in major SEA markets



GEM (2020)

COVID-19 is likely accelerating the energy transition

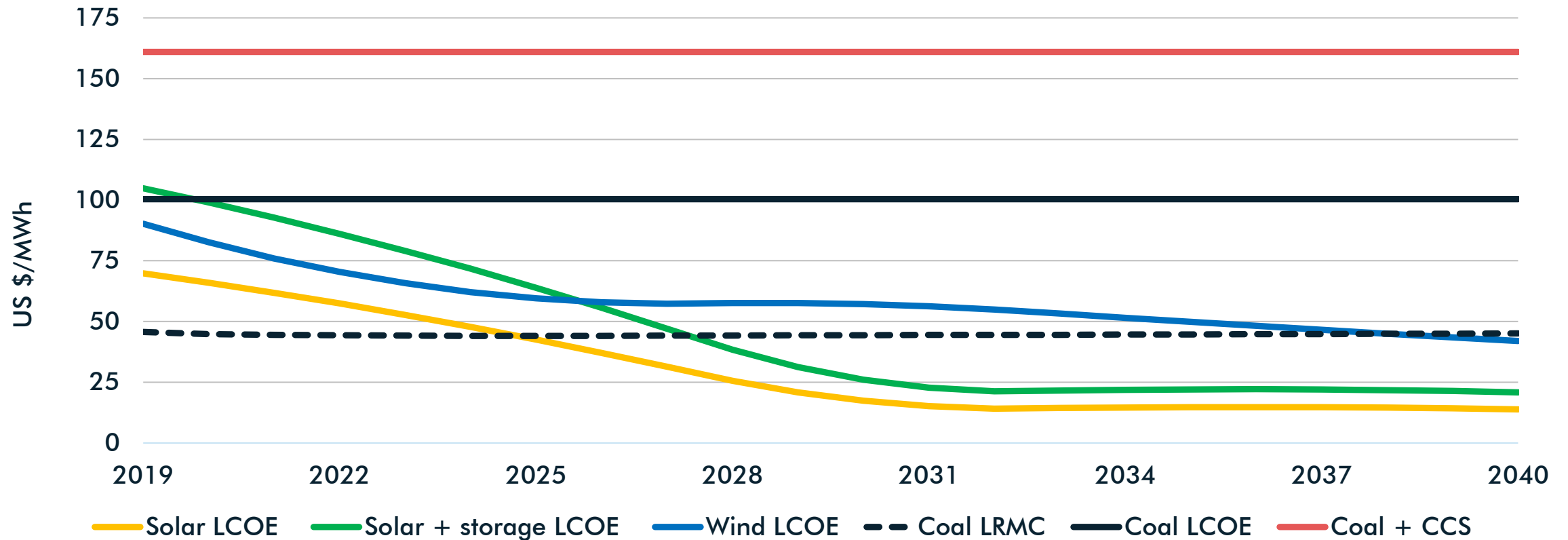
Projected change in primary energy demand by fuel in 2020 relative to 2019



Source: IEA (2020)

Indonesian coal power economics: coal and coal with CCS are costly relative to alternatives

New wind and solar plus storage versus new and existing coal



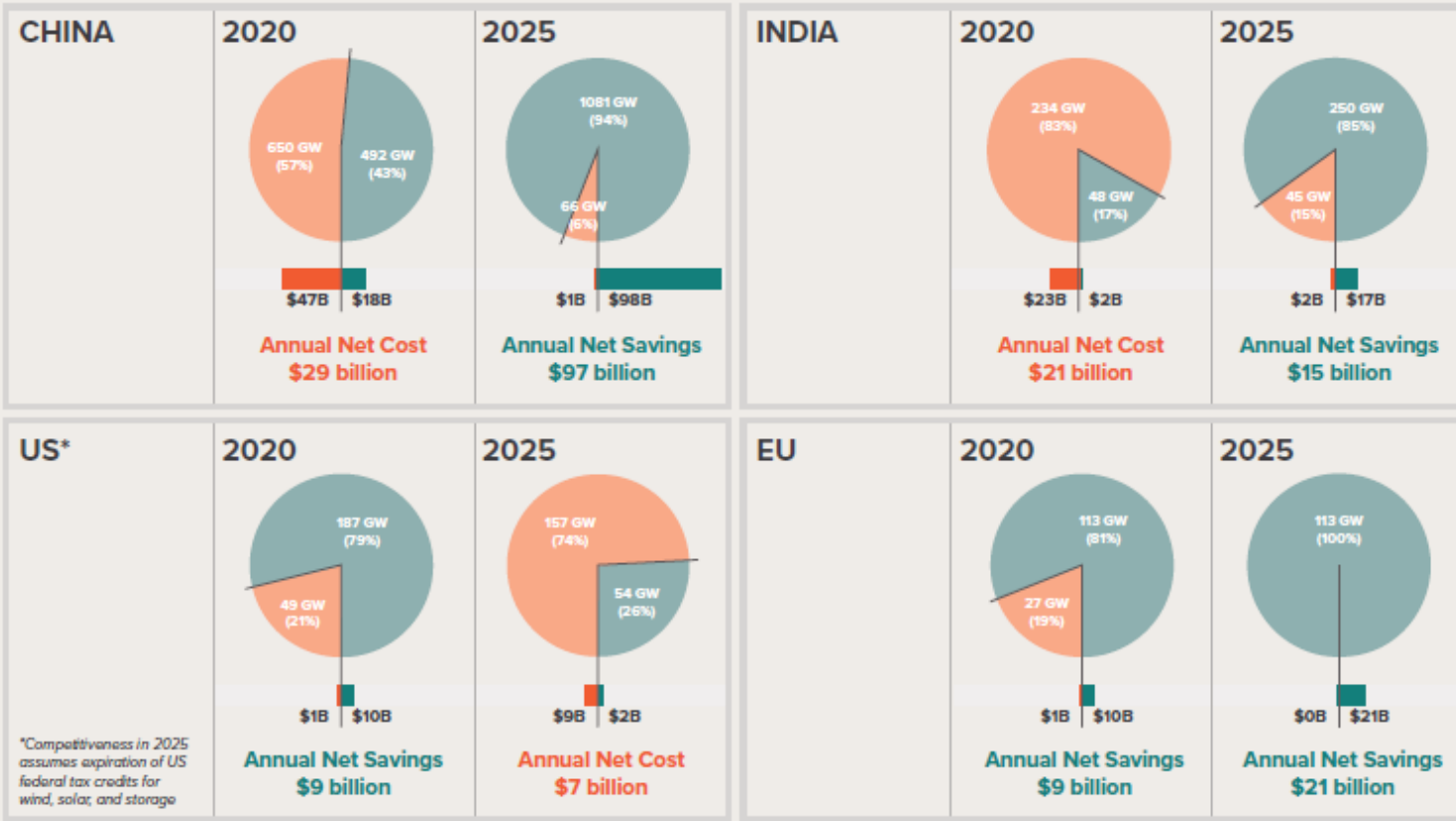
IEA (2015), Carbon Tracker (2020)



How To Retire Early

Making Accelerated Coal Phaseout Feasible and Just

Replacing uncompetitive coal with “hybrid” Wind or solar PV plus storage could already save electricity customers around the world \$39 billion in 2020, and these annual savings rise quickly to \$86 billion in 2022 and \$141 billion in 2025.

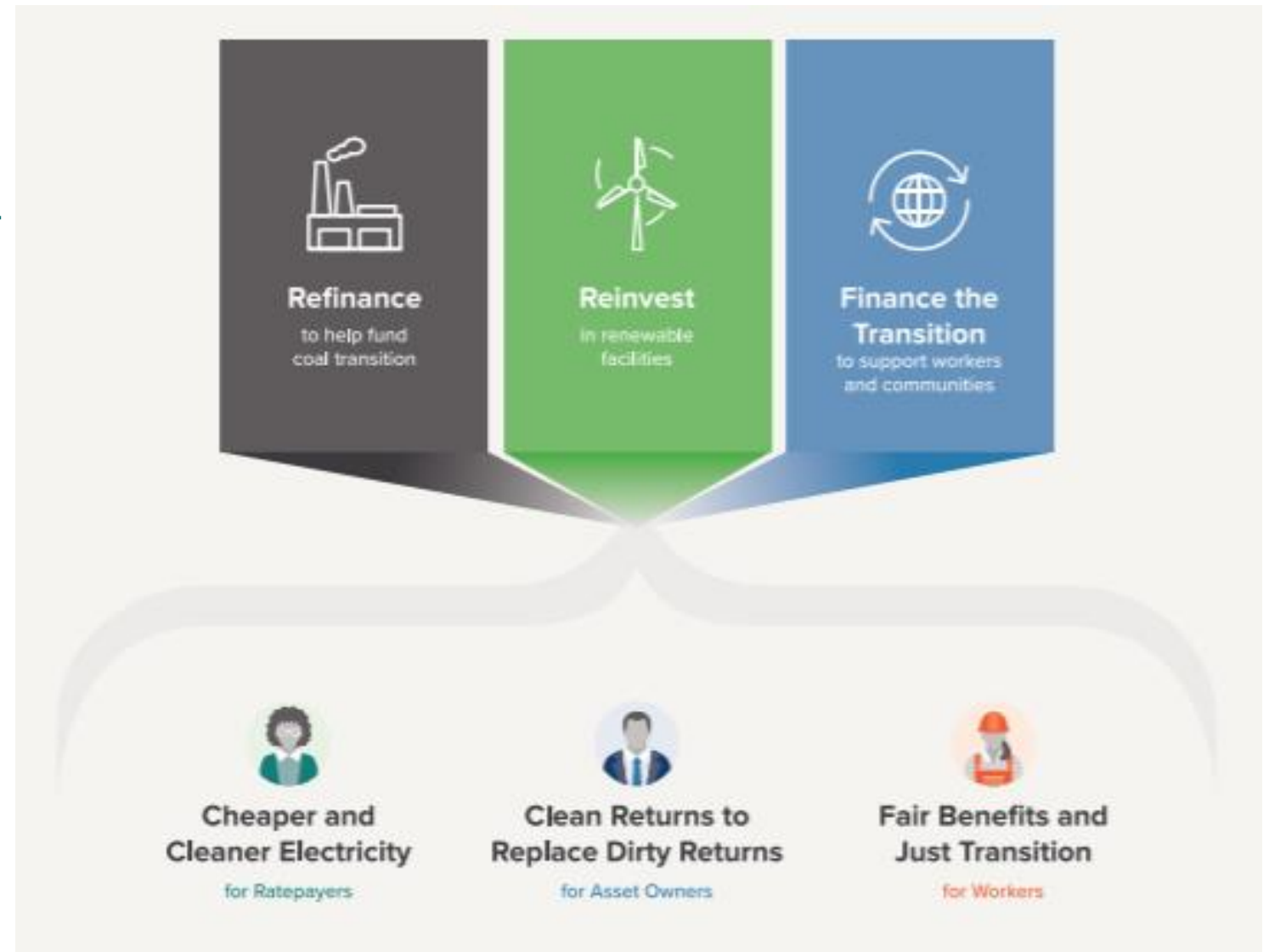


Source: [How to Retire Early \(2020\)](#)

Three-part approach to energy transition

Governments and public finance institutions in collaboration with industry can support a orderly and just energy transition by:

1. **Refinancing** to fund the energy transition and save customers money on day one.
2. **Reinvesting** in clean energy.
3. **Financing the Transition** for workers and communities.



Source: [How to Retire Early \(2020\)](#)

Innovative financial tools such as ratepayer-backed bond securitization are already being used to implement the three-part strategy for high cost coal plants with regulated tariffs in the US.



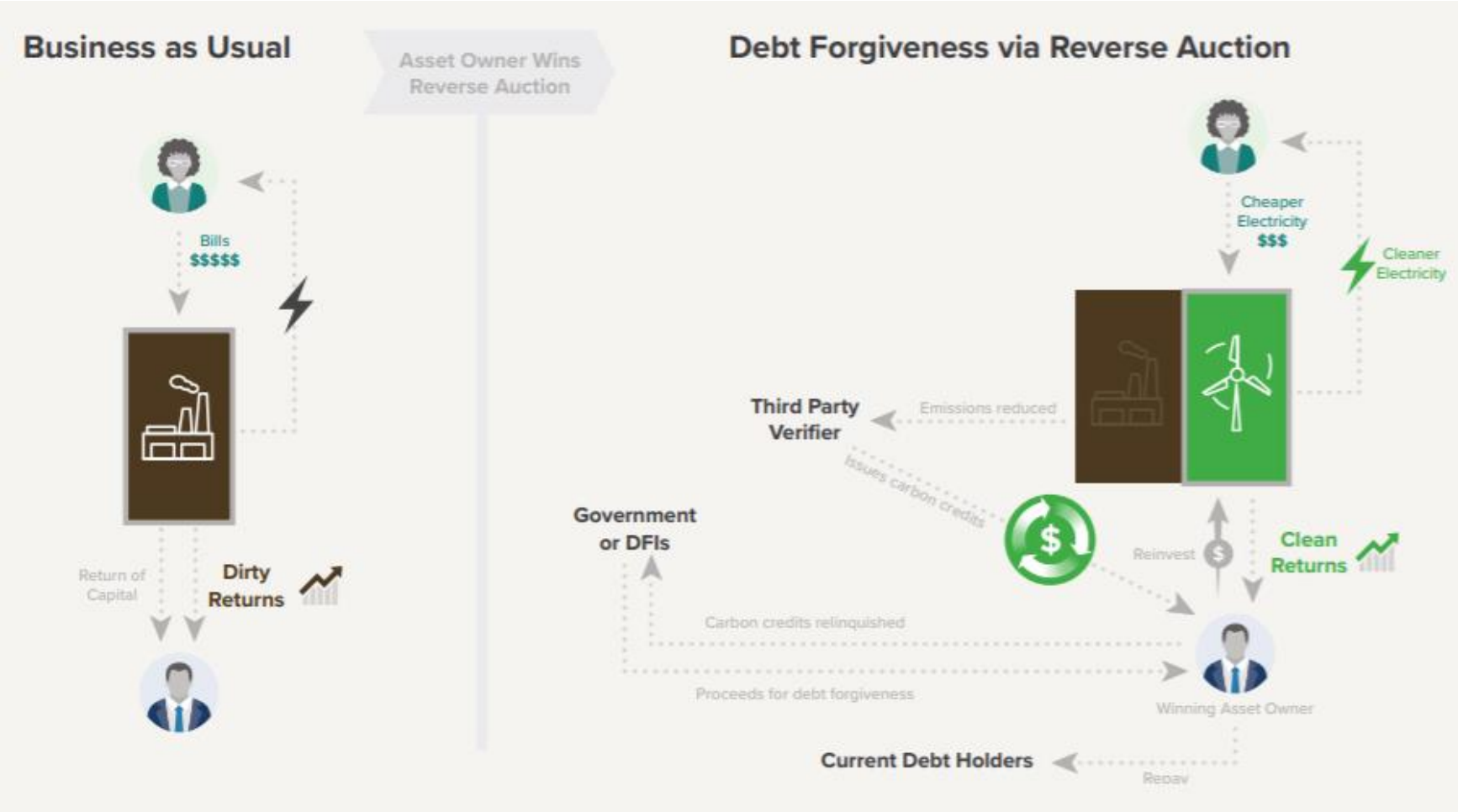
Source: [How to Retire Early \(2020\)](#)

Related refinancing options such as asset-backed portfolio securitization could potentially help facilitate the energy transition in the Philippines context that can work for all key stakeholders.



Source: [How to Retire Early \(2020\)](#)

Additional options like debt forgiveness via reverse auction could also potentially help mitigate financing challenges from COVID while reducing customer costs and accelerating energy transition.



Source: [How to Retire Early \(2020\)](#)



Thanks for listening

For more information please visit:

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Disclaimer

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