New Program Offers Blueprint and “Golden Rules” for Increasing Sustainable Electricity in Developing Countries

Global conference series fosters bottom-up approach to strong Public-Private Partnerships (PPPs), draws on lessons worldwide

Warsaw, Poland – The first hybrid wind-diesel electricity park in Ecuador’s famed Galápagos World Heritage Site, built by the private sector in partnership with the national and local governments, has for the past five years successfully reduced costly diesel imports to San Cristóbal Island by a third while mitigating oil spills risks in a priceless, fragile marine ecosystem.

Half a world away in the Philippines, a mini-hydro project — also built also through a Private-Public Partnership — not only provides constant and reliable electricity to local communities, it is helping rehabilitate and conserve the Ifugao Rice Terraces World Heritage Site through a fund financed by the plant’s power sales.

These are among many examples of how developing nations worldwide are rewriting their rule books to foster innovative partnerships between governments, civil society and the private sector with the goal of delivering cleaner, reliable, and affordable electricity to their citizens.

The private sector partners are members of the Global Sustainable Electricity Partnership (GSEP), a non-profit organization created by 14 of the world’s largest power utilities dedicated to creating sustainable energy development and human capacity building in developing and emerging economy nations.

GSEP will launch its new Public-Private Partnerships (PPP) for Sustainable Electricity Development Program in Warsaw, Poland, November 19 at the 19th Conference of the Parties to the UN Framework Convention on Climate Change (COP19).

The program has been developed with support from the UN Economic Commission for Europe and its International PPP Centre for Excellence.

GSEP Executive Director Martine Provost said this new global program is one of several concrete commitments the major electricity companies made in support of UN Secretary General Ban Ki-Moon’s Sustainable Energy for All (SE4ALL) initiative.

Other worldwide examples of successful electricity public-private partnership projects involving GSEP:
Argentina: In the Patagonia region, a 86-kilowatt hydroelectric station provides power to the tiny rural community of Cochico, while a wind and diesel hybrid system of the same size supplies the isolated village of Chorriaca, both replacing inadequate and polluting diesel generators that operate sporadically. The new electricity sources resulted from co-operative efforts between the communities, Patagonia’s provincial government and members of the GSEP.

Uruguay: A biogas micro-generation system being developed in the town of San José will produce enough electricity to supply local dairy farmers while reducing the environmental impact of the waste from their farms. This project is expected to be replicated at a larger scale elsewhere in Uruguay and Latin America.

Maldives: A grid-connected photo-voltaic system on Kaafu Dhiuffushi Island will not only accelerate the shift away from full reliance on diesel generation, it will also enable the efficient use of solar energy for an ice-making machine that will help the island’s resident preserve fish for sale, their main economic activity.

“Dealing with climate change mitigation and adaptation is a challenge confronting all countries, one that is greatest in the developing world, which also faces the pressing priority of meeting a growing demand for modern electricity services,” said Ms. Provost.

“Neither the public nor the private sector alone is able to meet these ambitious goals. We strongly believe that well-designed PPPs are critical to accelerate the deployment of sustainable electricity technologies and, in turn, foster economic development, raise standards of living and develop human capital.”

The new program builds also on the findings of global surveys in 2011 and 2012 of 119 national and international public and private sector stakeholders and looks to create a forum that will empower decision makers in developing countries to define the best strategies and practices for the successful implementation of PPPs in the sustainable electricity sector.

Drawing heavily on the results of these surveys, as well as on the practical experience gained by GSEP in the planning and execution of sustainable electricity demonstration projects in more than 10 countries over the past 20 years, a set of “golden rules” for the successful implementation of PPPs emerged. These will serve as a framework throughout the conferences so that stakeholders can adapt them to their own contexts and include them in their local and national energy development and use plans.

The Golden Rules include:

1. Adopt a clear, stable, and enabling regulatory and policy framework
2. Establish a national energy strategy that includes long-term goals and evaluates available energy resources
3. Set up open and transparent communications to ensure predictability and social acceptance of the national energy strategy and ensuing PPP
4. Set clear and transparent criteria for partner selection
5. Draft clear partnership agreements that reflect the strengths and capabilities of each partner and allocates the risks and responsibilities to the partner most suited to bear them
6. Establish and undertake a transparent and objective procurement policy and process to ensure competition and lower costs

7. Allow an adequate return on investments to attract the private sector

8. Ensure long-term income streams and reduce risk using instruments such as Power Purchasing Agreements

9. Cooperate with the private sector to facilitate Research, Development, Demonstration, and Deployment (R&D&D) to allow the development of innovative tailor-made sustainable solutions, by for example combining existing technologies, increasing efficiencies and lowering costs

10. Use a mix of funding sources to reduce costs and mitigate risks

One program conference will be completed this year – in Belgrade (November 12-13, for participants from Eastern and Central Europe and Central Asia). A conference targeting Latin America will take place next year in Buenos Aires (April 10-11). Others are planned for Asia and Africa shortly after.

GSEP and its partners will draw on extensive experience in designing and delivering international conference programs, most recently with its Financing Electrification Dialogues, which involved energy and finance policymakers from over 100 countries.

"Public-private partnerships (PPPs) are crucial for achieving the goals set down by the UN Secretary General in his 'sustainable energy for all' initiative. A key task is to identify the best practice models for public-private cooperation that can help achieve the three objectives of the global initiative,” said Geoffrey Hamilton, Chief of Cooperation and Partnerships Section of the UN Economic Commission for Europe.

“This constitutes a double-edged challenge: finding out what has been successful in past sustainable energy PPPs and encouraging the public and private sectors—with their very different perspectives—to enter into long term agreements defined by the life cycle of energy projects. The UNECE-GSEP collaboration is designed to address these challenges and showcase some practical solutions that can be followed globally."

Top leaders from major international organizations in the field of sustainable energy development have endorsed the catalytic program designed to bring key people around a table for open discussions on how to implement PPPs practically and successfully.

Said Isabel Marques de Sa, Chief Investment Officer and the International Finance Corporation (IFC), member of the World Bank Group: "Well designed PPPs – capturing the best the private sector can offer in terms of innovation and transfer of skills, efficient operation and mobilization of capital – need to be at the center of governments’ strategies to achieve universal access goals and reliable power to foster economic development. To this end, the new GSEP/UNECE conference program constitutes a valuable contribution.”

Christoph Frei, Secretary General of the World Energy Council, says:
“The WEC’s World Energy Trilemma analysis reveals that there is little agreement between investors and governments on the nature, price, and value of risks related to energy infrastructure. Delivering sustainable electricity to the world’s seven billion people requires the public and private sectors to better align their understanding of the implied risks and the strategic balance of the sometimes opposing objectives of energy security, environment, and energy equity. This new initiative on ‘Public Private Partnerships for Sustainable Electricity Development’ helps improve such alignment and supports the goals of the UN Secretary General’s Sustainable Energy for All.”

Debajit Palit, Associate Director and Fellow of the Lighting a Billion Lives Program at The Energy & Resources Institute (TERI) remarked:

"The power infrastructure has a crucial role to play in ensuring sustainable development and optimal utilization of a country’s natural resources. We need to develop and disseminate an entirely new paradigm and practice of collaboration that supersedes the traditional mechanisms and replace it with public-private-people partnership model to make the electricity sector more viable to provide universal access to all."

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About the Global Sustainable Electricity Partnership

The Global Sustainable Electricity Partnership (GSEP) is a non-profit organization composed of the leading international electricity companies. Our mission is to promote sustainable energy development worldwide.

Working with local partners and key international organizations, we develop projects and capacity-building activities in developing nations that allow our members to share their field-proven expertise in the effective deployment of low-carbon technologies and implementation of energy access initiatives with their counterparts in developing countries.

GSEP Members are:

- American Electric Power (USA)
- Comisión Federal de Electricidad (Mexico)
- Duke Energy (USA)
- Électricité de France (France)
- Eletrobras (Brazil)
- Enel S.p.A. (Italy)
- Eskom (South Africa)
- Hydro-Québec (Canada)
- Iberdrola (Spain)
- JSC RusHydro (Russia)
- Kansai Electric Power Company Inc. (Japan)
- RWE AG (Germany)
- State Grid Corporation of China (China)
- Tokyo Electric Power Company Inc. (Japan).

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