



UNPACKING THE JET-P PATHWAY

JET-P ROUNDTABLE DISCUSSION SUMMARY

6 and 9 February 2023

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Background

On 6 and 9 February 2023, hbs Southeast Asia Regional Office and the Global Renewables Congress organized an Insight Roundtable on Just Energy Transition – Partnerships (JET-Ps). They brought together NGOs and policymakers to facilitate discussions on the potential, challenges, opportunities, and unanswered questions related to energy transition partnerships, to explore what investments and partnerships on just energy transition could or should mean for the Southeast Asian region.

The roundtable was attended by CSOs from Indonesia namely Trend Asia, Institute for Essential Services Reform, CERAH, and World Resources Institute. Representatives from Green Innovation and Development Centre (Vietnam), Center for Energy, Ecology, and Development (Philippines), Energy Lab Cambodia and SAL Forest (Thailand) also contributed to the discussion. Regional organizations such as Australia – Mekong Partnership for Environmental Resources and Energy Systems, OXFAM Water Governance Program, International Rivers, and Right Energy Partnership with Indigenous Peoples also provided their input. Representatives from the office of German MPs including office of Lisa Badum and Katrin Uhlig were also present as well as the Chair of the Global Renewables Congress (GRC), Ho. Bärbel Höhn.

This document summarizes the discussion from the 2 x 2-hr workshops. This includes which capacities should be strengthened to build JET-Ps at the national level, and considers the strategic stakeholders that the civic sector should work together with to build momentum on energy transition.

Setting the scene

Energy consumption in the Southeast Asia region has been increasing, with the majority derived from fossil fuels. Coal is still the most common source, but oil and gas are also key energy resources and their usage expanding in some locations.

The region possesses tremendous amounts of potential for transition to renewable energy. There is scope towards even 100% renewable wind, water and solar energy for all purposes – not only for electricity, but also for industry, transport and more, by middle of the century. But currently there are lackluster transition plans and/or targets for renewable energy deployment. Along with more ambitious goals from each nation state, ASEAN regional cooperation is also essential to change current energy business models, to open up markets for smaller-scale energy players, and to create the conditions for people to access renewable energy in more just circumstances.

The JET-P is a welcome initiative, as Southeast Asia and other developing countries need support, especially capitalization to participate in the global energy transition agenda. Originating as a way to engage with countries heavily dependent on coal, the JET-P provides opportunities to alter the energy landscape to further support the shift towards cleaner energy. For Indonesia and Vietnam, two Southeast Asian countries with a heavy reliance on coal, the partnerships are in its infant stages and offer a prime space for policymakers, civil society organizations, and other relevant parties to track and review progress at each stage.

The vision and concept of JET-Ps

JET-Ps are multilateral agreements that can reimagine economic futures.

It is in the interest of every country to transition from fossil fuels to renewables. While it can never take the place of a national energy action plan, the JET-P can multilaterally assist countries to actively deal with issues around energy poverty and poverty in general. It provides opportunities to inspire the imagination of countries of what could be possible.

This is especially important in relation to the idea of 'just': across various definitions, a bottom-up approach is endorsed so local communities can define this in the way most appropriate for them. This includes:

- location and context-specific interventions
- respect for indigenous populations, especially their indigenous lands
- affordable and more accessible energy sources directly to the population, and not only for private companies or private institutions
- considerations for the environment
- decarbonization of industry
- inclusive participation and decision-making, especially against any barriers of decolonization, disability, gender and economic participation barriers
- not leaving people behind who are currently marginalized or will be hurt by the transition from fossil fuel economies to renewable energy-based economies.

This definition of 'just energy' captures its essence:



Access to energy that is affordable, safe, sustainable, and able to sustain a decent lifestyle, as well as the opportunity to participate in and lead energy decision-making processes with the authority to make change.



(Laurence Delina, Hong Kong University)

At national and international level, the concept of 'just' should also consider the extent countries are being asked to take on additional debts – via the financial structure of JET-Ps through assorted loans, among a mix of financial provisions – to solve a climate problem that countries from whom they are borrowing the money also hold a great deal of responsibility.

Starting the JET-P journey in South Africa and Indonesia

South Africa's JET-P path

South Africa was the first nation to be offered a JET-P, which arose out of COP26 (UN Climate Change Conference of the Parties) in Glasgow 2021. As outlined by Saliem Fakir, Executive Director of the African Climate Foundation, the JET-P was a structured program that converged a number of interests beyond only climate issues. There was a need to support economic recovery and the energy transition process was a way to increase the investment portfolio for fixed infrastructure investment which was declining in South Africa. Local development could also be democratized, as other options were put forward that otherwise would have been crowded out by the coal industry.

South Africa's JET-P has occurred in three phases so far:

1. To develop the concept and to sell the idea that carbon coal plants can be an asset – which can buy out or phase out coal plants – and invest in new types of infrastructure that reduces carbon intensity.
2. A political battle to get the JET-P through the political system and the right international partners to participate. Five partners came on board and at COP26, the investment plan was put in place with USD 8.5 million secured.
3. Developing a team capable of taking the secured funding forward to be spent appropriately.

Indonesia's JET-P path

In November 2022 at the G20 Summit in Bali, Indonesia and the IPG signed a USD 20 billion JET-P deal. Given its very early days, at the time of this Roundtable meeting, the Secretariat was still being established. Political agreement has yet to be translated into any legal binding on energy transition, with Indonesia in the position of concurrently managing its own coal assets amidst funding from JET-P.

Discussions still need to occur around:

- clarifying the definition of 'just' beyond simply a workers' transition to include wider aspects of just principles such as social transition and ecological restoration
- shifting from a top-down model to one more participatory and sensitive to all stakeholders, especially through multiple layers of possibly competing government interests and other parties
- how civil society organizations (CSOs) are to be formally included in this process
- how Indonesia can further use its strong state-owned enterprises (SOEs) to accelerate the transition, with decent government-managed regulations so far, indicating its openness for transmission investments
- enforcement of policies and penalties during the energy transition
- stronger targets in line with limits of 1.5 degrees of global warming
- how the USD 20 billion-deal will be spent.

JET-Ps appear to have taken on a more expansive scope. Without concretely understanding the ultimate intended goals or parameters of JET-Ps, it will be harder for civil society to establish a framework to assess their selection, design, implementation and impacts.

Civil society organizations in Indonesia have come together to outline principles for just energy transition and some technical operationalization of principles. This includes how assets should actually be selected, how planning should be inclusive, transparent and participatory in this process. Procedural justice and intergenerational justice is also outlined.

Carving out the JET-P path

JET-Ps need political will to invest in the energy transition. Cross-party networks with exchange and collaboration between all stakeholders with government and members of parliament is critical and needs to be facilitated. Also essential is capacity-building, in terms of substantial training and HR infrastructure around new energy, along with strong financing models with a mix of grants, loans and private capital.

To keep attracting financing of JET-Ps via additional private capital, incentives on tariffs and, for example, the ability to bid up and offer solutions, can be included. But the framework and conditions of private capital can be better at leveraging for more structural reforms in the power sector through the following:

- removing subsidies for fossil fuels so there is a more level playing field for new renewable energy generation
- strengthening community ownership or at least inclusion in decision making for renewable energy projects, and
- greater emphasis on distributed energy resources whereby people with limited access and resources can install their own for direct benefits.

The following offer ideal scenarios and opportunities when deciding on the composition of JET-Ps:

- supporting a local energy market, including opening up to smaller players, to strengthen each nation's own capabilities and create expanded domestic economic opportunities
- replacing coal capacity completely in the energy transition, rather than just adding new capacity to the current energy mix
- focusing on new energy technologies being for social service to the population, with ways for communities to sell excess energy they generate to the local grid
- building long-term capacity in quality products, maintenance and operating systems, and quality technical experts and customer centers to ensure confidence in new energy
- expanding the civic spaces for open discussion to include more diverse voices and participation, with transparent deals
- committing to having conversations about broader debt reform, and reform of international monetary institutions towards a more 'just' outcome for all parties involved.

Key issues for further exploring JET-P pathways

The Roundtable discussions brought up the following questions to further seek out clarity and options when JET-Ps are in development.

Initial JET-P development

- What are the criteria and policies behind JET-Ps? How can more transparency of each JET-P agenda be promoted?
- What will be the make-up of the JET-P investment structure and plans?
- How will JET-P funds be allocated? And will it include community-led initiatives? Will these funds be allocated for training of local expertise (preferred in indigenous territories)?
- Where specifically is a JET-P going to be implemented? How is this determined? Why have these sites been selected? And why should it be prioritized over other prospective uses?
- If this involves a regional area, what will the wider economic development include, and how will it be inclusive so more people in the community can realistically participate and contribute?
- If a JET-P is going to be market-driven by private companies, for example, what are the standards and policies they have to follow?
- How do JET-Ps relate to other existing processes, such as the green taxonomy, the Global Stocktake of the Paris Agreement, or the whole SDG (UN Sustainable Development Goals) implementation plan?

Equity of access and privileges:

- How to level the playing field to consistently promote renewables?
- How to ensure that the just energy transition is really just and finds sustainable solutions without exploiting land and people?
- How to enable and distribute access to those who currently do not have stable and reliable electricity? And access to new energy technologies across different populations? Transition technologies, for example, tend to be exclusively used by those with higher incomes, and need to be aligned with the living conditions of many in dense Southeast Asian cities.
- How to address the high upfront cost of the technology, despite costs coming down relatively? What kind of incentives can support the technology?

Engagement with other stakeholders:

- How can a bottom-up process take place where technocratic capacity and authority is centralized and monopolized by certain national actors?
- How can members of parliament be initially engaged to become more active or pioneer a role in developing renewables? And how to further support and encourage them to integrate and reach across silos, different areas of responsibility, and help create more momentum and broad support for energy transition?

Early steps and moving forward on the JET-P track

JET-P does not replace the need for a national renewable energy legislation. But it does provide the opportunity to create political momentum for renewable energy transition, where each nation or inter-government body, can contribute appropriately towards energy solutions.

Whatever the form and structure of each JET-P, it should encompass the principles for a truly 'just' energy transition: where all parties involved, from government and inter-government actors and local communities through to energy industry providers and civil society organizations, listen to and include local needs and aspirations. Partnership and cooperation across sectors and at different levels will make it a stronger and transparent process.

JET-P can be an example of participative democracy, as a legacy for good governance, transparency, accountability, and participative processes, right from the beginning. This will furthermore help assist an energy transition to address energy poverty and build adaptation and resilience in Southeast Asia.

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