

Renewable Energy Roundtable

An aerial photograph of a solar panel array installed in a rural, open field. The panels are arranged in a grid pattern. In the lower right corner, a group of people, including children and adults, are gathered around the array, possibly inspecting or working on it. The background shows a mix of dry earth and some green vegetation.

Challenges and Issues of Renewable Energy Projects in Myanmar by Private Developers

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Agenda

- Background
- Challenges and Issues
- Way Forwards

Background

- Existing Laws & Regulation
 - Electricity Law - 2014
 - Electricity Rules - 2015
 - Electricity Regulations (being drafted by ADB)
 - Myanmar Investment Law (2016)
 - The Environmental Conservation Law(2012)
 - The Environmental Conservation Rules (2014)
 - Environmental Impact Assessment Procedures (2015)
 - Conservation of Water Resources and River Law (2006)
- National Energy Master Plan – 2016 (drafted by ADB).
- National Electricity Master Plan – undertaken with the assistance of JICA
- National Electrification Plan (NEP) – undertaken with the assistance of the World Bank – 2014
- Options available to Power Generation sector investment
 - Sole investment by the Ministry
 - Investment by local entrepreneurs on B.O.T basis
 - Investment by foreign companies on J.V/B.O.T basis

Background *continued*

- Relatively long existence of thousands of private utilities in Myanmar (especially with small and medium size hydropower plants, biomass gasifiers, off-grid,)
- Access to Electricity/Energy is still very low.
- Investment required to fulfill the NEP Target
 - Distribution Portion : USD 5.4 Billion (for 6.767 million Household)
 - Transmission & Distribution Portion : USD 40 Billion.

“Private sector investment is very important”

Challenges and Issues

- Challenges
 - National Energy Policy
 - Should be reviewed and updated to create an enable environment for RE.
 - Tariff
 - Heavily subsidized by government (about USD 300 million per year)
 - Laws, Rules and Regulations
 - Public Awareness, Comprehensiveness and Consistency
 - Electricity Law:
 - “No one is allowed to engage in electricity activities without having obtained a license (§44)
 - States/Regions shall issue licenses for small and medium sized electricity activities (§7 and §9)
 - Government Guarantee
 - Almost no practice for Sovereign Guarantee from Union or Regional government bodies.

Challenges and Issues *continued*

- Financing Mechanism
 - Project financing is difficult
 - Interest rate (local market) is extremely high (max 13%)
 - Local private banks has no prior experience on RE financing/ or limited experience and collateral is needed.
 - Foreign banks still has to work through the local bank and consequently the rate is still relatively higher (~8%)
 - Some Development Agencies are targeting more on bigger projects. (USD 1 to 50 millions or more)

Challenges and Issues *continued*

- Grid Arrival
 - Electricity Law: Currently no provision.
 - Not sure when the grid will arrive
 - Not known what could happen to the existing business
 - Technically
 - Too small to be connected to the grid
 - Grid stability issues
 - Grid ready/ grid code
 - Economically
 - PPA/ Business model
- Tariff Structure
 - Standardized PPA procedure
 - Same to different technologies or not

Way Forwards

- National Energy Policy
 - Especially National Renewable Energy Policy
- Independent Electricity/ Energy Regulatory Authority / Commission
 - Cost reflected tariff level
 - Transparent tariff structure for private developers
- Financing Mechanism to enable the private developers to access comfortably.

Thank You

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