

'CALL FOR EXPRESSION OF INTEREST' (EOI)

Transition to End Coal (TRANSEND)

Primary project/program title:

Energy Transition Partnership (ETP)

1. General instructions for EOI submission

How to submit?

Fill out an [Expression of Interest Template](#). Submit a filled template in pdf version to the email address provided below. Follow this subject format "EOI Transend - {Power Plant Name}" when submitting an EOI.

When to submit?

Deadline: 18 August 2024

Where to submit?

email: etp@unops.org

2. Description

1. Background

1.1. Southeast Asia Energy Transition Partnership

The Energy Transition Partnership (ETP) is a multi-stakeholder platform that aims to accelerate the energy transition in Southeast Asia and deliver the Paris Agreement targets on climate change by bringing together government donors, philanthropies and partner governments. ETP aims to empower its partner countries to transition towards an energy system that simultaneously ensures environmental sustainability, economic growth and energy security. To achieve this goal, ETP will mobilize and coordinate the necessary technical and financial resources to create an enabling environment for renewable energy, energy efficiency, sustainable infrastructure in the region, and facilitate fossil fuel phaseout/phasedown.

With an initial focus on Indonesia, the Philippines and Vietnam, ETP has a mandate to mobilise resources and coordinate the necessary technical assistance to create an enabling environment for the energy transition. This includes technical advisory support, capacity and skills development programs, and convening of cross-sectoral dialogues with decision-makers and broader sets of stakeholders.

2. Transition to End Coal (TRANSEND)

To meet the Paris Agreement targets, global coal use must reduce by 80% of 2010 levels by 2030, and phased out by 2040¹. While the cost of renewables has been falling and the economics of operating coal plants are increasingly becoming uncompetitive, global coal phaseout has been slow due in part to long-term offtake contracts and noncompetitive tariffs. The share of uncompetitive/inefficient coal power plants is expected to

¹ Climate Analytics (2019). [Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC Special Report on 1.5°C](#)

increase from 60% in 2022 to 75% in 2025, leading to higher tariffs and more adverse impacts on health and the environment².

Policy directions are shifting to renewables in ETP's countries - Indonesia, Philippines, and Vietnam. However, there is no clear path for fossil fuel phaseout in these three countries yet. An ADB report indicates significant opportunities for the early retirement of coal plants, with a total of 24.5 GW of coal plants shortlisted for early retirement.

2.1. Objectives

TRANSEND aims to facilitate the early retirement of fossil fuel-based power plants through innovative financial engineering with a pathway to channel capital to clean energy technologies. It aims to reduce early stage risks associated with these transactions by covering the upfront advisory costs, raising interest from Independent Power Producers (IPPs) to explore early retirement and reinvestment pathways.

TRANSEND has three components: (i) identification of asset-based financial restructuring schemes that enable an early closure of a fossil-fueled power production asset in combination with a reinvestment pathway to renewable energy assets, (ii) setting up of a revolving financing arrangement available for donor and financiers' contributions to take financial engineering to a scale in Southeast Asia, and (iii) knowledge and dissemination. ETP will identify immediate cases and partnerships for component (i) and leverage that experience to implement components (ii) and (iii).

TRANSEND facilitates a fair transition through its collaboration with the Just Coal Transition Platform (JCTP). The JCTP is implemented by ETP and the World Bank that aims to convene stakeholders affected by coal phaseout/phasedown to exchange knowledge and experience, as well as facilitate access to technical assistance.

This Call for Expression of Interest (EOI) aims to identify Independent Power Producers (IPPs) interested to work with UNOPS ETP, under the TRANSEND project, to explore and undertake asset-based early retirement mechanisms. Specifically, under this Call, ETP, through the TRANSEND project, aims to pilot support for components (i) and (iii).

2.2. Expected Outcomes

To meet the Paris Agreement targets, global coal use must be phased out by 2040. Despite falling cost of renewables and increasing unprofitability of operating coal plants, progress on coal phaseout has been slow.

TRANSEND's expected outcomes are to (i) enhance confidence in energy transition transactions facilitating replacement of fossil fuel plants with renewables across the region, (ii) accelerate coal phaseout resulting to greenhouse gas (GHG) emission reductions (iii) contribute to meeting the Paris Climate goals while simultaneously ensuring energy security through more investments in renewables, and (iv) ensure a just and fair transition to workforce and communities.

2.3. Potential Support from TRANSEND

TRANSEND expects to provide technical, financial, and regulatory advisory services to assist IPPs in navigating the complexities of fossil fuel plant retirement and subsequent transition to renewable energy. These advisory services aim to support and facilitate IPPs pursue transition deals. The support will include technical and financial valuation and assessment of the plant, financial modelling, regulatory assessments, techno-economic analysis of replacement options, and other advisory services that will support to plan the transition process.

In partnership with the Just Coal Transition Platform, expert services for the analysis of social impacts and planning for measures to support affected workforce and communities could also be extended.

²P. Bodnar, M. Gray, T. Grbusic, S. Herz, A. Lonsdale, S. Mardell, C. Ott, S. Sundaresan, and U. Varadarajan (2020). [How to Retire Early: Making Accelerated Coal Phaseout Feasible and Just](#), Rocky Mountain Institute

TRANSEND does not provide direct cash funding to IPPs. Instead, IPPs will have access to a dedicated set of experts who will assist with the necessary analyses required for planning a successful transition. These experts will be selected through a standard competitive selection process in line with UNOPS rules and regulations. Specific advisory services will be offered to the selected IPPs through in-kind services and will be detailed in a signed Agreement between UNOPS ETP and the IPPs

2.4. Beneficiaries & Impact

TRANSEND aims to support IPPs in Indonesia, Philippines, and Vietnam considering early retirement of their fossil fuel-based plant. The program will begin with a pilot project in the Philippines, selecting one IPP to receive advisory services. The country's liberalized power sector, government's commitment to decarbonize, and strong indication of interest from the domestic financial sector are ideal conditions for a successful pilot transaction. Leveraging this experience, TRANSEND plans to develop a revolving facility that will support additional transactions across the three countries. Additional IPPs will be considered based on availability of funds and feasibility of projects

The selected IPP for the pilot project will enter into an Agreement with UNOPS. The terms of the Agreement will be negotiated but will clearly define the scope of support the IPP will receive under TRANSEND, as well as outline the commitments expected from the IPP. The specific details of the agreement will be finalized through further discussions between the selected IPP and UNOPS ETP.

3. Limitations

This **Call for Expression of Interest** is open to independent power producers (IPPs) in the Philippines who operate fossil fuel-based power generation facilities considering their early retirement. The goal is to identify potential projects for future support.

One fossil fuel plant based in the Philippines will be selected as a pilot project to receive initial support.

IPPs owning multiple fossil fuel-based power plants should submit a separate EOI for each plant they wish to be considered.

Submitting an EOI does not guarantee inclusion in the pipeline for potential support from TRANSEND.

4. Evaluation process

In line with UNOPS evaluation principles of fairness, transparency and integrity, the assessment will occur on a competitive basis via a designated panel.

EOIs will be evaluated with a particular focus on the following prioritization criteria:

Commitment to Early Retirement of Fossil Fuel-Based Plant. This refers to IPPs' willingness to retire their fossil fuel-based power plants ahead of their technical life. This factor weighs heavily in the evaluation process as it directly correlates with the success of the transitioning efforts.

Effects on Grid Stability. The size and contribution of the plant to the grid will be factored in when evaluating potential impacts to the grid.

Plant Lifecycle. The age of the plant will be considered in balancing potential greenhouse gas emission avoidance and investment attractiveness.

Financial Stability. While not the primary criteria, financial stability may play a role in assessing an IPP's capacity to manage the transition away from fossil fuel. It is an indication to invest in alternative energy sources and navigate potential challenges during the transition process.

Commitment to a Just Transition. This refers to the IPPs' commitment to mitigate potential impacts to employees and communities directly or indirectly dependent on the fossil fuel plant. Interested IPPs need to demonstrate their commitment by providing preliminary thinking or plans for addressing potential social and economic impacts on stakeholders.