

6<sup>th</sup> August 2018

**The Hon. Sam Basil MP**

Minister for Communication Information Technology and Energy  
Papua New Guinea

Dear Minister Basil,

ABAC commends the APEC Energy Ministers for the progress made in enhancing energy security and improving energy intensity in the region, as well as facilitation of trade in environmental goods.

Balancing economic growth with environmental protection is a challenge faced by all APEC economies. ABAC recommends that APEC follow through with a multifaceted approach with special emphasis on the issues detailed below.

**Improving energy security**

Energy security has become an urgent issue within the region.

APEC's 21 member economies account for over half of global energy production and consumption, and its share is expected to grow.

Balancing sustainable development and economic competitiveness is a continuous challenge faced by all APEC economies. Thus, use of environmentally responsible, affordable and reliable energy is essential. Shifting to low-carbon energy not only contributes favorably to the environment, but also enhances energy security by diversifying supply.

APEC economies are encouraged to deepen the level of engagement on expanding and stimulating renewables and emphasize efforts to shift to more environmentally-friendly fuel sources and adopt high-quality energy infrastructure.

To efficiently expand the use of renewable energy (wind/solar), the challenges of output fluctuation and maldistribution of suitable sites need to be addressed. Thus, ABAC recommends APEC economies to promote energy management with digitization that allows for the smart adjustment of energy supply and demand<sup>1</sup>, which enables energy interchange in wide areas and the reinforcement of the grid infrastructure.

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<sup>1</sup> For example, through the use of Smart Meters as one of the device and Demand Response as one of the mechanism.

Natural gas including Liquefied Natural Gas (LNG) accounts for the smallest amount of CO<sub>2</sub> emissions among fossil fuels when combusting. Optimizing LNG management and transactions, as well as reducing barriers in energy trade and investment will increase investment in the energy sector and enhance its resilience and sustainability.

To secure stable energy supplies and the quality of power infrastructure in the APEC region, ABAC encourages the use of the “APEC Guideline for Quality Electric Power Infrastructure”.

### **Tackling climate change**

The APEC region accounts for about 60% of global greenhouse gas emissions, thus, tackling climate change is essential not only for the region but also for global sustainable development.

Since about two thirds of global anthropogenic greenhouse gas emissions are energy-related, policy and innovation in the energy sector can play a decisive role in addressing climate change. We should promote green, low-carbon, and circular development, and build an energy sector that is clean, low-carbon, safe and efficient. To reduce CO<sub>2</sub> emissions, policy actions and investment are needed to expand the introduction of energy-saving and low-carbon technologies.

In order to achieve the global goal of reducing greenhouse gas emissions as established by the Paris Climate Agreement, ABAC encourages APEC economies to continue to work toward the goals of i) doubling the share of renewables in the APEC energy mix by 2030, and ii) reducing 45% of energy intensity by 2035, as established by the APEC Energy Ministers.

ABAC also applauds APEC’s efforts on Environmental Goods and Services (EGS) and suggests that the capacity building that accompanied this commitment should now be leveraged so that the EG list can be further developed.

To realize a low-carbon society, the importance of policies and institutions that impact not only energy supplies but also society as a whole, including industries, economics, and finances, is increasing. The voluntary recommendation of the industry-led Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosure (TCFD) is an example. Also, the role of carbon pricing mechanisms should be considered as one of the options while fully considering the situation of each economy.

As energy consumption is high during production process, the aluminum industry is recommended to consider introducing green and cost-efficient production standards, which will promote environmentally friendly production processes while not raising extra costs for aluminum companies.

In addition, ABAC recommends promoting measures to reduce shipping fuel pollutants due to the expansion of air pollution along with the marked growth of maritime transport in the region.

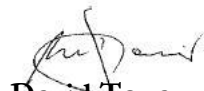
Building and improving energy infrastructure is important to energy security, sustainability and tackling of climate change. APEC economies are encouraged to expand infrastructure and upgrade technology for supplying modern and sustainable energy services, build energy connectivity networks, enhance regional cooperation to facilitate access to clean energy, research and technology, and promote investment in energy infrastructure and clean energy technology so that we could make great contribution to the realization of the UN 2030 sustainable development goal 7, namely to ensure access to affordable, reliable, sustainable and modern energy for all.

ABAC notes APEC economies’ efforts to encourage greater private sector investment in energy infrastructure, and commits to provide support and insight, where possible, such as utilization of

the Asia-Pacific Financial Forum (APFF) and the Asia-Pacific Infrastructure Partnership (APIP) task force.

Lastly, ABAC applauds the initiatives of the APEC Energy Working Group, including the Asia-Pacific Energy Research Centre (APEREC) and the APEC Sustainable Energy Centre (APSEC). In addition, we emphasize that sharing concerns/priorities of APEC energy officials, high-level cooperation and a regular exchange of information with the APEC Energy Working Group are essential. We therefore would like to recommend that APEC hold an annual Energy Ministers' Meeting and public-private dialogue, with the goal of developing a collaborative, strategic and long-term APEC energy security framework.

Yours sincerely,



**David Toua**  
ABAC Chair 2018