

# Role of Finance in Energy Transition around the world

*Momentum away from financing coal*

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**Bloomberg**

# Norway Wealth Fund Set For \$4.2 Billion in New Coal Divestments

CLIMATE  
TRENDS

- Largest SWF, with an assets base of \$1TR
- Divestment to the tune of \$4billion
- Investments into solar, wind and other clean infra in mature markets, & scope in emerging
- Dumped large companies like Glencore, BHP
- 4 Indian companies- ONFC, Reliance, Oil India Ltd.

# MUFG moves to drastically cut coal-power loans by fiscal 2030

- Mitsubishi Financial group to scale back loans to coal by upto half by 2030
- Biggest bank in the world outside of China
- Not extending loans for new set up coal power plants.
- Is among the top 4 financial institutions granting loans for coal, across the world

# JAPAN'S ITOCHU CORP ANNOUNCES COAL EXIT

This change in policy direction builds on a number of policy developments by corporate and financial institutions announced in Japan since May 2018 including by Dai-ichi Life, Sumitomo Mitsui Trust Bank, Marubeni Corp, Mitsui & Co as well as Mitsubishi Corp.

Decision influenced by rapid costs decline and increased uptake of RE

What happens in Japan is critically important to the global coal industry. For e.g, 44% of all Australian thermal coal is exported to Japan alone

Japan's government is also examining its position, with Environment Minister Yoshiaki Harada releasing a policy initiative in March 2019 stating that the Ministry will no longer sanction the construction of new thermal coal plant facilities nor upgrade existing ones, in line with the country's international pledges to tackle global warming- links with Paris Agreement commitments- ratchet- climate ambition

# Asian banks add to growing numbers exiting coal



Singapore's big three banks – DBS Group Holdings (DBS), United Overseas Bank (UOB) and the Oversea-Chinese Banking Corporation (OCBC), Southeast Asia's second-largest lender, have each announced ending financing for new coal-fired power plants in this year.

SINGAPORE

# South Korea

Stopped giving permits to new coal plants.  
Chungnam province, home to more than half of  
Korea's coal power generation ( around 20 GW) has  
joined Powering Past Coal Alliance

Deaths due to respiratory diseases, in the province,  
are 1.5 times higher than national average

Highest drop in Germany- 22 pc in absolute terms

Reasons:

Wind, solar replaced coal

Coal plant closures

Gas replaced coal



Clean Energy News and Analysis

SOLAR

RENEWABLES

STORAGE

**Europe coal generation collapsed by 19% in first six months of 2019**

# US: Economics not working out!

## 50 coal power plants in US shut under Trump

PTI Washington | Updated on May 10, 2019 | Published on May 10, 2019



A view of Duke Energy's Marshall Power Plant in Sherrills Ford, North Carolina, U.S. - REUTERS

In total, 289 plants have been closed since 2010 comprising 40 per cent of the US's coal power capacity

Fifty coal-fired power plants have shut in the United States since

President Donald Trump

# India

- 40GW stressed, 19GW frozen in construction, only 0.8GW ultra super critical NTPC plant proposed to go ahead in 2019.
- New coal added, declined from a peak of 21 GW in 2015 to 8GW in 2017/18.
- Difficulty in securing PPAs- solar cheaper than coal
- RE investment outpacing \$\$ in coal- cheaper, quicker, cleaner
- For last 3 years, more investment in renewables than in fossil fuels

# Changes in project finance lending-2017 vs 2018



Investments in coal finance declined 90pc between 2017 and 2018

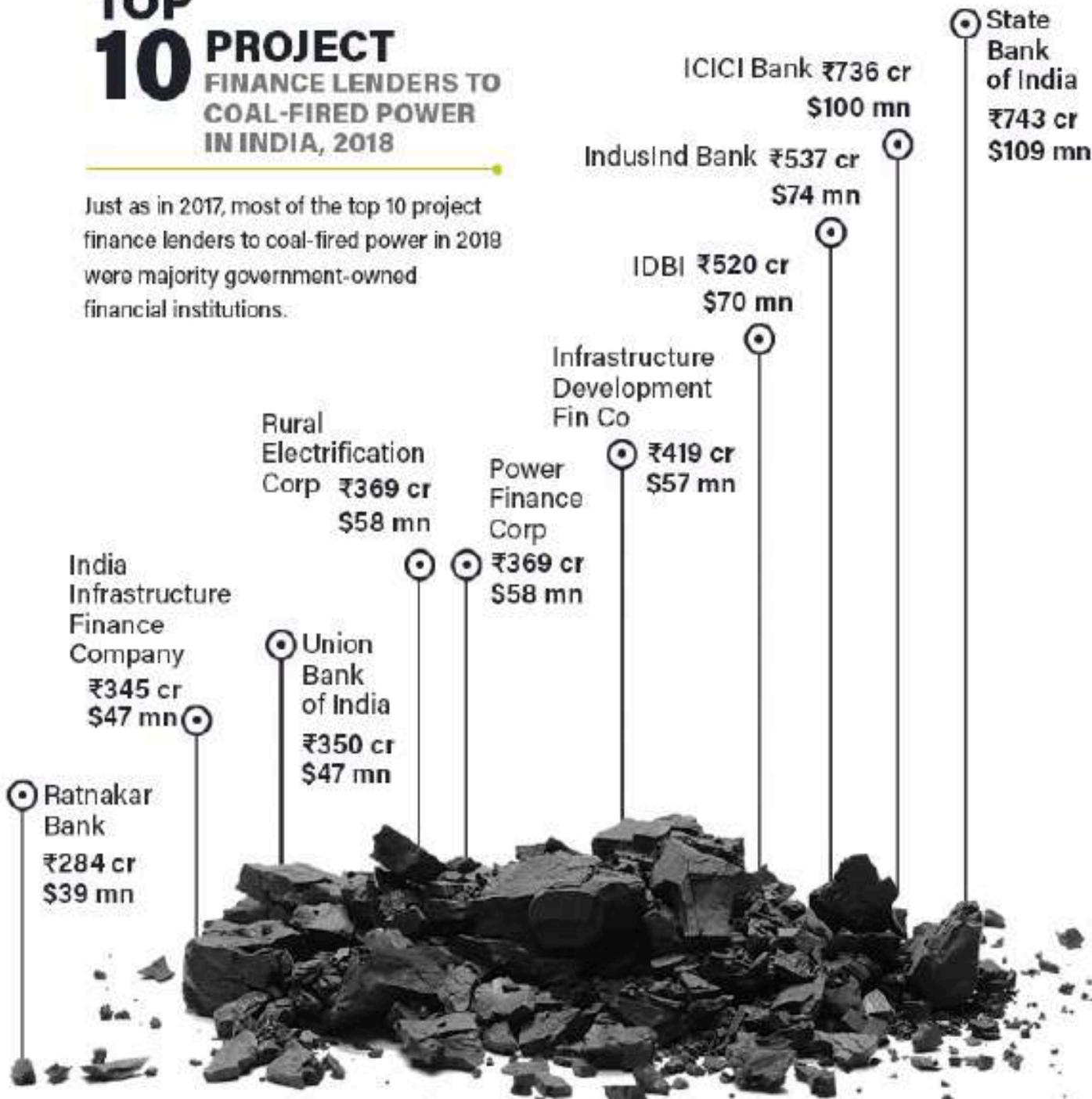
Year	Coal-fired	Renewables	Grand Total
2017	60,767	22,913	83,680
2018	6,081	24,442	30,524 <sup>6</sup>

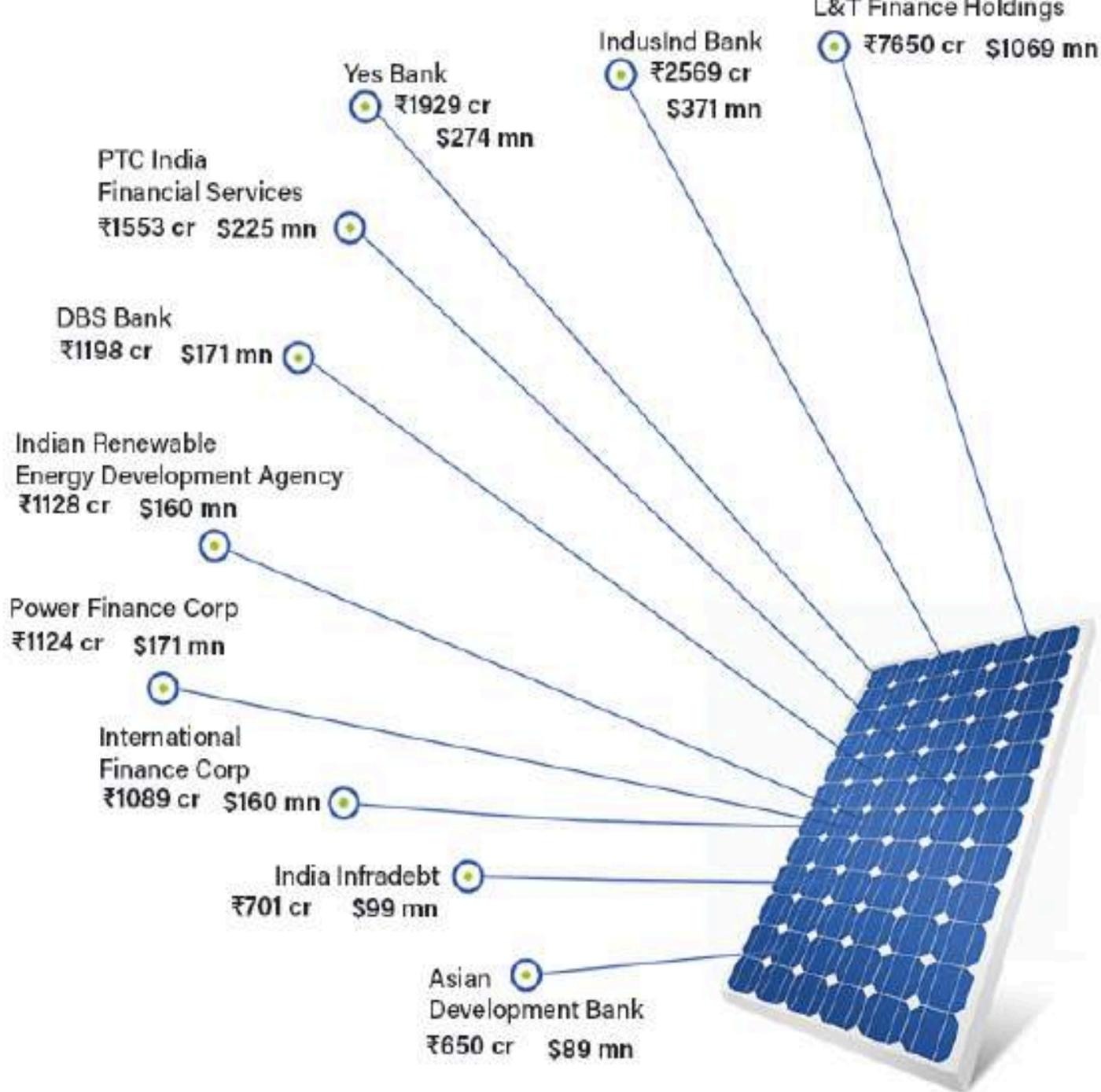
<sup>6</sup> May not add due to rounding

Values are in ₹ cr

# TOP 10 PROJECT FINANCE LENDERS TO COAL-FIRED POWER IN INDIA, 2018

Just as in 2017, most of the top 10 project finance lenders to coal-fired power in 2018 were majority government-owned financial institutions.





# India

- Close to **573GW** of coal power plants shelved/cancelled between 2010-June 2018
- **TATA Power** announces its 'Strategic Intent 2025' vision to increase its installed RE capacity to 70% of total capacity – which means not building any new coal power plants

# UNSG Climate Action Summit

- UN Secretary General's Climate Action Summit to take place in September on the sidelines of UNSC meeting - calls for
  - No new coal beyond 2020
  - Announce 2050 net zero emission plans
  - Increase Paris Agreement targets