

November 23, 2012

Comments from Australia on SREP Investment Plan for Maldives

Dear Patricia

Thank you for the opportunity to provide written comments on the SREP Maldives investment plan. We apologise for the delay in this response.

The Maldives investment plan seems to complement the country's ambitious climate change action plan. It provides an effective approach to embedding renewable energy into the Maldives energy sector, reducing greenhouse gas emissions and increasing the population's access to energy, particularly for communities on outer islands who are dependent on intermittent fossil fuels.

Maldives has the physical challenge of dispersed islands and a challenging private sector investment environment. Australia accepts that these factors could translate into lower leverage ratios (as identified in this investment plan) than in other SREP investments. To maximise the effectiveness of the SREP investment, we would appreciate information on how the Maldives Government is considering more substantial fossil fuel subsidy reform and energy efficiency and demand-side management policies over the medium term. Considering the fossil fuel dependence and high government revenue burden of fossil fuel subsidies, renewable energy scale up is only one component of broader energy policy that needs to be addressed in the Maldives.

The investment plan estimates the installed capacity of the tourism sector could be equivalent to the state sector (p 30). We support the use of SREP resources for the benefit of the local population, and the intention for SREP lessons to motivate and encourage the tourism sector to follow a similar path. Is the Maldives Government considering more substantive policies that would ensure renewable energy transformation of the tourism sector?

We welcome the endorsement of the investment plan at the recent SREP sub-committee meeting and look forward to considering the project plans in future.

Regards,

John

John Anakotta

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