



# Solar energy for businesses cambodia

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Cambodia's economy is growing fast, and so is its demand for energy. Decisions made today regarding sources of fuel and power generation will determine whether or not this ASEAN (Association of Southeast Asian Nations) member country will set itself on a path of sustainable energy and development, or increase its greenhouse gas (GHG) emissions and exacerbate climate change.

Twenty-six bidders submitted proposals to develop a 60 megawatt (MW) solar power project to state-owned Electricite du Cambodge (EDC) in September. The average bid price set a record low for Southeast Asia, which should persuade neighboring governments to embrace auctions, according to the Asian Development Bank (ADB). Thailand private equity company Prime Road Alternative Co. Ltd. reportedly submitted the lowest bid.

This is a new era for renewable energy development in Cambodia and the region, and particularly for solar power generation. This is good news for EDC and the people of Cambodia. We believe more governments in the region will adopt auctions as a strategy to procure renewable energy generation capacity and this structure and tariff will serve as a benchmark for future projects.

That said, Cambodia has been slow to embrace solar and renewable energy, as has been the case for ASEAN members generally. In addition to hydroelectric power generation, which accounts for well above half of national power capacity, Cambodia relies heavily on coal and other fossil fuels, increasingly liquid natural gas, for electricity generation and continues to subsidize exploration, production and consumption. Just two solar power plants are up and running in Cambodia at present, one a 10-MW plant developed by Singapore's Sunseap and another, 60-MW facility in Kampong Speu.

Cambodia consumed a total of 2,650 megawatts of electricity in 2018, an increase of about 15% compared to 2017, according to the Ministry of Mines and Energy. Eighty-three percent of rural areas had access to grid power as of the most recent, publicly disclosed figures, leaving nearly 5 million Cambodians without access to electricity.

Daily blackouts became an increasingly common occurrence in Cambodia and across the Mekong region early this year as the region was affected by the El Niño weather pattern. The national grid operator by and large has been struggling to keep up with power shortages, fast-growing demand for electricity and the government's industrialization and economic development agenda, posing a chronic challenge for national development plans.

Searching for alternative options, Cambodia joins a growing list of national governments who have come around to seeing solar and other distributed, emissions-free renewable energy resources as a cost-effective means of achieving national electrification, as well as national and international climate change and renewable

energy, goals.

The government should take this lesson learned into consideration and should find other alternative options that will generate less impacts on social and environmental in order to reduce dependency on hydropower.

Cambodia relies on three main sources for electricity: hydroelectric power plants for more than half, a total maximum capacity of 1,329 MW as of last year, coal power stations of 538 MW, and solar energy of 64.77 MW, according to the ministry.

The government and fledgling, strictly regulated private sector continue to increase their investments in hydroelectric power generation despite warnings from scientists and environmental groups of over-exploitation of these natural resources, particularly in the Mekong River region, due to changing seasonal weather patterns that have increased the variability and lead to drops in output due to drought and other extreme weather. The government also continues to increase its reliance on coal power generation.

Longstanding Premier Samdech Techo Hun Sen in June said the Royal Government has been taking action to address the energy shortage problem. The premier highlighted that the government negotiated the purchase of 1,700 MW of electricity generated by hydroelectric and coal-fired power plants in Laos. He also noted that he requested Japan's assistance during a recent visit, more specifically by building high-voltage transmission lines that would transport electricity from neighboring Laos to Cambodia.

"Next year, Phnom Penh capital will not face the electricity shortage problem anymore. Phnom Penh needs some 400 megawatts. We will increase the energy generation capacity by coal-fired power plants," the Premier was quoted in news reports.

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