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KUALA LUMPUR: The Asean Power Grid (APG) vision – which is aimed at enhancing regional electricity interconnectivity – requires an estimated investment of US\$764 billion (RM3.4 trillion) for power generation and transmission infrastructure, said Asean secretary-general Dr Kao Kim Houn (*pic*).

Through cross-border electricity trade, the APG addresses the region’s rising energy demands and accelerates the integration of renewable energy sources, he said in his keynote address on the second day of the Asean Investment Conference here yesterday.

On Tuesday, Prime Minister Datuk Seri Anwar Ibrahim said the Southeast Asian bloc was engaging with investors as well as multilateral development banks, including the Asian Development Bank and the World Bank, to power up the APG.

Anwar, who is also the finance minister, said the financing was aimed at supporting projects that involve transmitting electricity from Vietnam to Kelantan via submarine cables, with further distribution to Singapore through land transmission lines.

APG is a region-wide initiative introduced

in 1997 to connect electricity infrastructure among member states.

Besides the APG, Kao said that by 2030, Asean will require about US\$2.8 trillion in infrastructure investments – equivalent to an annual average of US\$184 billion – to meet its decarbonisation commitments.

“Given the significant demand for a sustainable future, Asean must develop appropriate policies to channel financial resources into sustainability initiatives, including a sustainable investment policy.”

He said the ongoing development of the Asean Taxonomy for Sustainable Finance provides an excellent opportunity to align Asean’s framework with global taxonomies, providing investors and international donors with clear guidelines for sustainable investments in Asean.

Kao said Asean must develop robust and innovative financial mechanisms to diversify capital resources from the private sector and international donors, which include establishing capital markets to facilitate the exchange of sustainable bonds and make



blended loans and other multilateral funds more accessible for sustainable investment projects.

These efforts complement the Asean Green, Social, Sustainability and Sustainability-linked Bond Standards. Additionally, Asean must enhance collaboration with international partners and donors and the private sector to support existing initiatives such as the Asean Catalytic Green Finance Facility to scale up bankable green projects, he added.

Asean must also focus on projects that support supply chains in green industries such as electric vehicles, logistics, sustainable mining practices and renewable energy.

“To this end, Asean is finalising the Policy Recommendation on Guidelines to Support Asean EV Implementation Roadmap and the Asean Sustainable Investment Guideline in 2025. These initiatives are critical in shaping national investment and industrial policies that drive sustainable growth and contribute to the sustainable development goals,” Kao said. – Bernama