

Joint Statement by Hydropower and Generator Associations on Covid-19

Preamble:

The below signatory organisations recognise that:

- Once the health emergency is under control, policy makers will need to be bold and move quickly with ambitious green recovery planning efforts. Learning from the past, it will be **an historic opportunity to invest in sustainable infrastructure and help set about a sustainable change of our entire energy system.**
- According to the IRENA Global Outlook Report 2020, **installed hydropower capacity will need to increase by 850 GW by 2050** in order to make its contribution to limit the rise in global temperature to well below 2 degrees Celsius above pre-industrial levels. That is a 60% increase in the next 30 years, equivalent to the entire power capacity of the EU and would help generate some 600,000 skilled jobs over the coming decade. This would represent an estimated US\$ 1.7 trillion of required investment based on US\$ 2m/MW. **Additional capacity does not have to just be through building new dams:** with some 600 GW of existing capacity older than 30 years, significant opportunities exist to upgrade and modernise the world's hydropower fleet. Furthermore, there are tens of thousands of non-powered dams and it is vital we tap these unused resources.
- As the single largest source of renewable electricity with unique flexibility services to support the integration of variable renewable energy, **hydropower will be vital to the future energy system.** All countries that have achieved 100 per cent renewable electricity have relied heavily on hydropower
- Furthermore, hydropower delivers **vital means of managing freshwater, providing supplies for agriculture, homes and business, and mitigating the impacts of extreme weather** events such as floods and drought which are needed more than ever.
- **Yet, hydropower's contribution in maintaining system reliability has not been properly recognised, incentivised by policy makers or appropriately valued by the market.**
- For all projects, **governments and operators should adopt good environmental, social and governance practice** in line with the multi-stakeholder agreed Hydropower Sustainability Tools. These include evaluating the impacts of climate change on water supply and reservoir storage requirements.
- Due to longer planning cycles for new hydropower dam construction, **policy makers and planners need to start thinking now about new projects.** For existing dams, investments are needed to modernise old hydropower plants.
- **Covid-19 has had a significant impact on the hydropower sector.** Wide-spread uncertainty and liquidity shortages have put financing and refinancing of many hydropower projects at risk. In some regions, greenfield development and vital modernisation projects have also been halted due to supply chain disruptions. Furthermore, proposed or existing government programmes and auctions aimed at supporting the sector have been postponed or unable to be implemented. This has all contributed to a substantial fall in the sector's confidence regarding future investments and operations.
- Nonetheless, **the crisis has demonstrated hydropower's essential role in ensuring reliable power supply to sustain society** such as in medical services. In perhaps the



largest electricity experiment the world has even seen, India's hydropower sector was heralded in April for restoring electricity to tens of millions of households following a 31 GW fall in demand for the nine-minute lights-out Covid-19 vigil.

- For the energy sector as a whole, the crisis has caused unprecedented volatility and uncertainty. Electricity demand and prices have plunged by up to 20 per cent in some markets. As a result, the sector will likely undergo a significant transformation which can be shaped for a more sustainable future. Overall, the crisis has highlighted **the stability, resilience and reliability of the hydropower sector.**

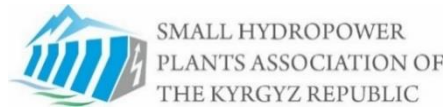
Call to action:

To ensure the post-pandemic recovery is not only resilient, but also sustainable and green, the signatories support the following principles:

- Ensure the recovery facilitates the development of sustainable hydropower projects **as an essential part of the energy transition** and wider development strategy to help kick-start our global economy. This should include modernisation and rehabilitation projects.
- Focus on sustainable hydropower development to ensure that economically viable and **shovel-ready** projects can commence.
- Where possible and within reason, **fast-track planning approvals** to ensure the development and modernisation of hydropower projects can commence as soon as possible to help stimulate the economy.
- **In regions where this applies, extend any construction deadlines for hydropower projects** that have previously benefited from government programmes to secure the finance already committed.
- given the increasing need for long-duration energy storage such as pumped storage, work with regulators and system operators **to develop appropriate compensation mechanisms that recognise and value all the attributes hydropower provides to the grid.**
- not only maintain but **increase the ambition of renewable energy and climate change targets** which incorporate the role of sustainable hydropower development. This will instil much needed confidence into the sector.



Signed by:



Small Hydropower Association of Mongolia

