

Powering Asia's Energy Bridge: Subsea Cables, Interconnectors & Borderless Energy

Executive Summary

Central message: The market is moving beyond broad policy ambition, but projects will progress only where demand, regulation, technical delivery and long-term revenue arrangements align. Early projects are likely to depend on strong government-to-government coordination and carefully allocated public and private sector risk.

- **Demand is strengthening, but timing matters.** Data centres and AI-related load can add substantial demand quickly, while generation, grids and interconnectors take much longer to plan and build. Large users may support future offtake, but demand forecasts must translate into durable revenue.
- **Bilateral projects can lead regional integration.** The discussion favoured practical bilateral arrangements and point-to-grid projects as an initial route to delivery, rather than waiting for complete ASEAN-wide harmonisation.
- **Technical integration is a core project risk.** Route, landfall, grid connection, cable technology and multi-package interfaces must be addressed early. A capable integrator is needed where no single EPC contractor carries the full system obligation.
- **Policy duration must match asset duration.** Short-term licences or permissions are difficult to reconcile with capital-intensive assets designed to operate for decades. Export policy, change in law and government transition risk require robust intergovernmental and contractual frameworks.
- **Revenue certainty remains fundamental.** Investors need confidence that the project will retain an identifiable market and stable revenue framework over its operating life. Early models may require regulated, contracted or availability-based support before greater market exposure is viable.
- **Public support is likely to remain important.** The first generation of projects may require sovereign, utility, sponsor or DFI support. Commercial bank and institutional capital may follow once frameworks, documents and operating performance are established.

1. Market Need and Regional Pipeline

- Existing and emerging links involving Singapore, Malaysia and Indonesia were discussed as important parts of the near-term regional pipeline.
- Point-to-grid structures may be simpler to deliver than fully integrated grid-to-grid arrangements because they require less alignment of dispatch, grid compliance and market operation rules.
- Cross-border projects need to demonstrate domestic as well as export benefits. An equitable allocation of value can help avoid a perception that local resources are being exported without adequate host-country benefit.
- Lessons from earlier regional power trade include the importance of government-to-government arrangements, sensible political and force majeure risk allocation and stable revenue flows.

2. Demand, Data Centres and AI

- Data-centre demand can be added materially faster than new grid and generation infrastructure can be delivered, placing pressure on system planning and connection capacity.

- Large corporate users may help anchor demand because of their power requirements and renewable energy commitments, although the timing of demand and infrastructure delivery must align.

- The panel did not view overbuilding transmission as the immediate risk in most markets; the more immediate challenge is bringing forward sufficient network capacity alongside generation and load growth.

3. Technical Feasibility and Supply Chain

- Feasibility depends on both the physical route and the overall system design, including landfall, network integration and the interaction between generation, cable and onshore connection packages.

- Interconnector projects commonly involve several contracts and contractors rather than a single fully wrapped EPC solution. Interface management and system-wide modelling are therefore critical.

- A strong project integrator should oversee technical specifications and performance across the full chain, rather than allowing each package to be designed in isolation.

- Cable and installation capacity remain constraints, although additional manufacturers, including Chinese suppliers, may increase competition and available capacity. Technology choice and track record will remain important to acceptance and insurability.

- HVDC projects can present greater technical and supply-chain challenges; HVAC may be simpler where route length and system requirements permit.

4. Regulation and Cross-Border Risk

- Regulatory duration is a material issue. Export or import permissions need to be compatible with the long operating life and repayment period of the infrastructure.

- Government-to-government agreements, treaties or coordinated contractual arrangements can provide a framework for cross-border obligations, but cannot eliminate the possibility of future policy change.

- Possible protections include agreed contractual remedies and applicable investment treaty mechanisms, although no structure can guarantee that laws or policy will remain unchanged.

- Bilateral projects can proceed before full regional harmonisation. Clear rules for dispatch, tariffs, taxation, import and export permissions and system operation are more important than achieving a single regional model at the outset.

5. Commercial Models and Affordability

- The appropriate ownership and revenue model will depend on the countries, grids and assets involved. Options discussed included public or grid ownership of the interconnector with private generation paying a wheeling charge, and bundled or separated generation and transmission structures.

- Early-stage projects may need regulated charges, contracted payments or other stable revenue support. More market-linked arrangements may become viable as demand and trading depth develop.

- Affordability for consumers must be balanced against the returns and certainty required to attract private capital.

- Public co-development or co-investment can potentially crowd in private capital, but the extent of public participation will depend on each project and the final policy framework.

6. Financing and Bankability

- Stand-alone limited recourse financing is difficult to assess until the underlying project documents, offtake arrangements and risk obligations are sufficiently developed.

- Early projects are likely to require some combination of government, utility, sponsor or DFI support. There was also recognition of commercial bank appetite where revenue and risk allocation are credible.

- Investors need confidence that demand and revenues will endure over a multi-decade asset life. They do not expect every risk to be eliminated at the outset, but they do need clarity on which stakeholder is best placed to manage each risk.

- Insurance availability and outage risk are especially important for subsea assets because repairs may depend on scarce vessels and extended mobilisation periods.

7. Practical Priorities

- Move from studies and policy statements into executable frameworks and procurement.
- Align governments first, then bring all material stakeholders into an open and coordinated development process.
- Do not hide or defer difficult issues. Surface regulatory, technical and commercial constraints early, while there is still time to allocate and mitigate them.
- Do not focus on price alone. A low-cost proposal that lacks deliverability, durable permissions or workable risk allocation will not produce a viable project.

Concluding Takeaway

From ambition to execution The next phase is not simply about identifying technically possible routes. It is about selecting projects with real

demand, durable permissions, workable commercial models and a credible allocation of cross-border risk. The strongest candidates will be those that can align governments, grids, developers, offtakers, financiers and contractors around a structure capable of operating for decades.

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Thank you to our expert panel

										
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