



ASEAN Power Grid ("APG") – Credit Insurance Programme

EXECUTIVE SUMMARY

September 2026

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The ASEAN Power Grid (“APG”) is not only a regional energy infrastructure challenge; it is a bankability and market confidence challenge.

The Texel APG survey indicates that non-payment insurance (“NPI”) and political risk insurance (“PRI”) can provide a practical bridge between, and critical tool for managing, the tenor, jurisdiction, enforcement and risk allocation concerns of lenders in light of the strategic priority which the insurance market attaches to APG-related opportunities.

- NPI is a comprehensive insurance or risk participation that is used by financial institutions as an unfunded guarantee protecting against the risk of non-payment of principal (and interest) in relation to interest-bearing loan structures.
- PRI is a named peril insurance designed to specifically safeguard equity or debt from host country government action or inaction which causes a permanent cessation to the investment.

Energy transition and regional connectivity initiatives like the APG, with a focus on ESG-compliant assets and infrastructure opportunities, are viewed as a strategic priority by the global insurance market.

Context

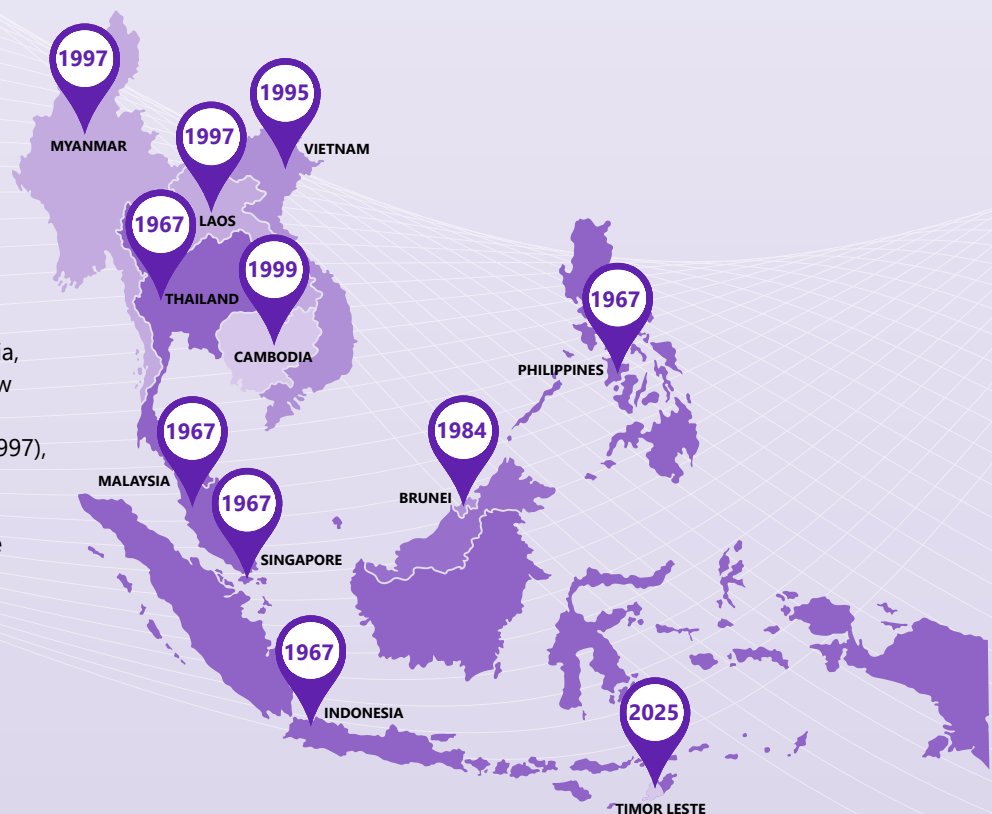
The Association of Southeast Asian Nations (“ASEAN”) was formed in 1967 by Thailand, Indonesia, Malaysia, Singapore and Philippines. It has now expanded to include Brunei (1984), Vietnam (1995), Laos & Myanmar (1997), Cambodia (1999) and most recently, Timor Leste (2025), making a total of 11 member countries with diverse economic and political statuses.

ASEAN is the world's

4th largest
energy consumer

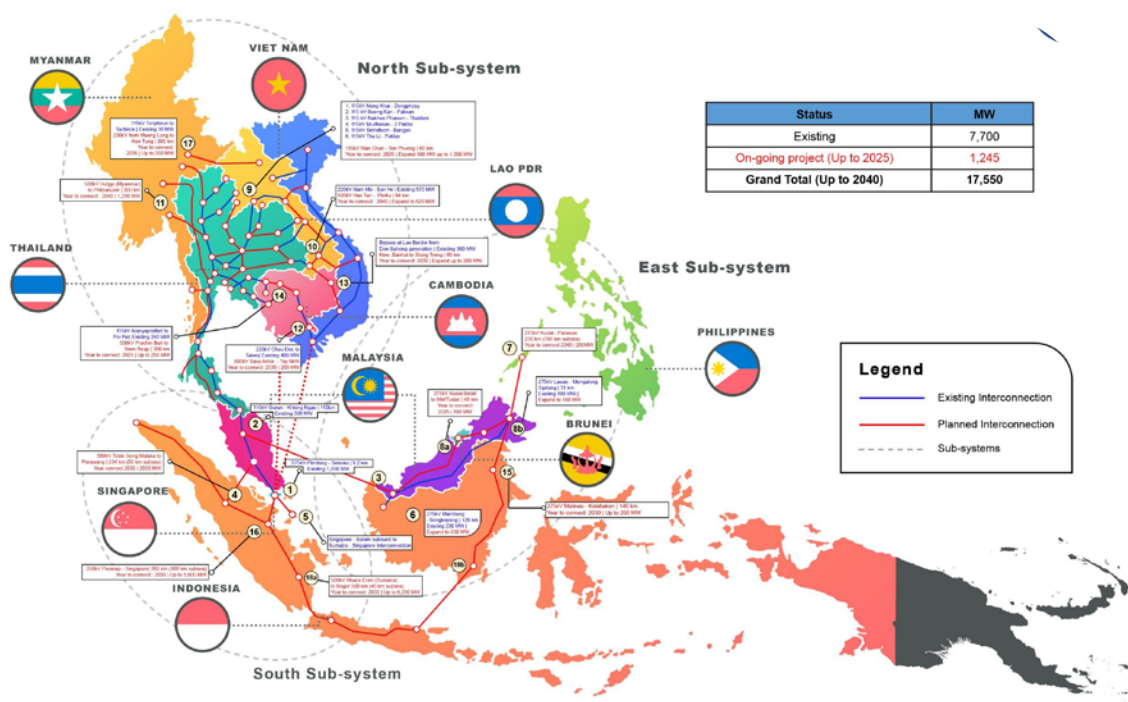
Regional energy demand
is projected to increase

3x by 2050



The ASEAN Power Grid is a regional energy cooperation initiative intended to interconnect the electricity networks of ASEAN member countries, improve energy security and help connect regional renewable energy sources by 2045.

ASEAN Power Grid



Source based: Updated Power Development Plan (PDP) scenario under AIMS III, 2022 | Credit: ASEAN Centre for Energy

The scale of the ambition is substantial: the APG vision requires an estimated US\$800 billion of generation and transmission infrastructure investment. The financing challenge is therefore not simply whether projects can be built, but whether cross-border power trade can be made bankable at a scale and tenor that commercial lenders, Multilateral Development Banks (“MDBs”), Development Finance Institutions (“DFI”), private credit and infrastructure investors can support.

In this context, NPI should be treated as a central risk management or distribution tool used when structuring APG related transactions. By embedding these tools directly into the financing structure, project sponsors can systematically unlock private capital, reduce concentration risks and transfer payment and political risks to specialist risk markets without requiring a sovereign guarantees or other risk mitigating instruments for every transaction.

Aim

To realize the ASEAN Power Grid at scale, ASEAN needs not only transmission infrastructure, but financial confidence. Our goal is to support **bankable** cross-border power trade; maintain **regional trade confidence** and **energy transition acceleration** across the ASEAN Power Grid to maximize efficiency and impact outcomes — ensuring reliable cash flow, unlocking private capital, and accelerating regional energy integration, without the need to wait for potentially elusive or politically difficult sovereign guarantees from host governments. for every transaction.

With this survey, we seek to explore structures centred around NPI or PRI solutions from global insurer partners to be deployed in favour of APG Projects, by:

- 1 Enabling more banks and non-bank financial institutions to extend greater financing capacity to regional power projects and electricity trade;
- 2 Significantly scaling private capital mobilised by MDBs and DFIs ; and
- 3 Unlocking further financing capacity from alternative lenders including private credit and infrastructure asset managers.

Survey overview and headline reading

Texel Asia received feedback from over 30 global credit and political risk insurance underwriters. This represents a substantial and diverse cross-section of the global NPI market, providing a robust indication of prevailing insurer appetite and market views, while recognising that the survey does not represent the views of every market participant.

The survey was designed to assess underwriter appetite for long-term transactions that may form part of future APG financings and to identify where NPI and PRI could support risk transfer, bankability and capital mobilisation. Importantly, the findings provide an indication of market appetite as well as a practical foundation for structuring future financing solutions.

Private capital mobilisation will be central to the success of financing the APG. With such large funding requirements, new sources of capital in-flows will be needed to get projects off the ground. The survey conducted aims to demonstrate how private market non-payment insurers should be considered as a primary syndication or distribution tool to achieve the levels of capital required.

As the survey has demonstrated, the NPI market has deep and broad capabilities, a willingness to treat the initiative as a priority and appetite which largely aligns with the type of transactions falling within the APG. With over 80 insurers now offering the product, the market is a highly competitive place of deep liquidity and expertise which can provide large amounts of value to lenders operating in this space.

Finding	Survey result	What this means for APG
Survey population	30+ global Credit and Political Risk Insurance underwriters	A credible market sounding across specialist NPI/PRI underwriters.
Priority level	64% treat APG as a priority opportunity; with a further 33% neutral rather than negative	There is a meaningful pool of potential insurance capacity to engage, but transaction structure is critical to determine capacity deployment and appetite.
Key barriers to private capital mobilisation which NPI can manage	Long payback periods; Jurisdiction and enforcement risk; and the structuring and management of project risks are identified as core challenges	NPI/PRI should be seen as a key tool to help manage the main barriers to private capital mobilisation and therefore support an acceleration of growth.
Structure drives appetite	Insurer appetite varies depending on how risk is allocated, enhanced and presented	APG should design financing structures with insurer requirements embedded from the outset , rather than treating insurance as a standalone product added at the end

If you would like to read the results of the survey, please contact Angela or Jamie at **Texel Asia**



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