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Mongolia Energy Sector PASA

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Mongolia's energy transition is at a crossroad – Aging infrastructure and fragmented planning are blocking green growth & investment

Foundational Challenges

Heavy reliance on aging coal-fired CHP plants and rising import dependence

Absence of institutionalized least-cost system planning

Fragmented institutional responsibilities and ad-hoc investment decisions

Fragile financial sustainability despite recent tariff adjustments

Energy Transition Challenges

Rapid demand growth and competing investment pressures

Untapped renewable energy potential constrained by transmission limits

Limited grid flexibility and readiness for large-scale VRE integration

Barriers to private investment and weak project pipelines

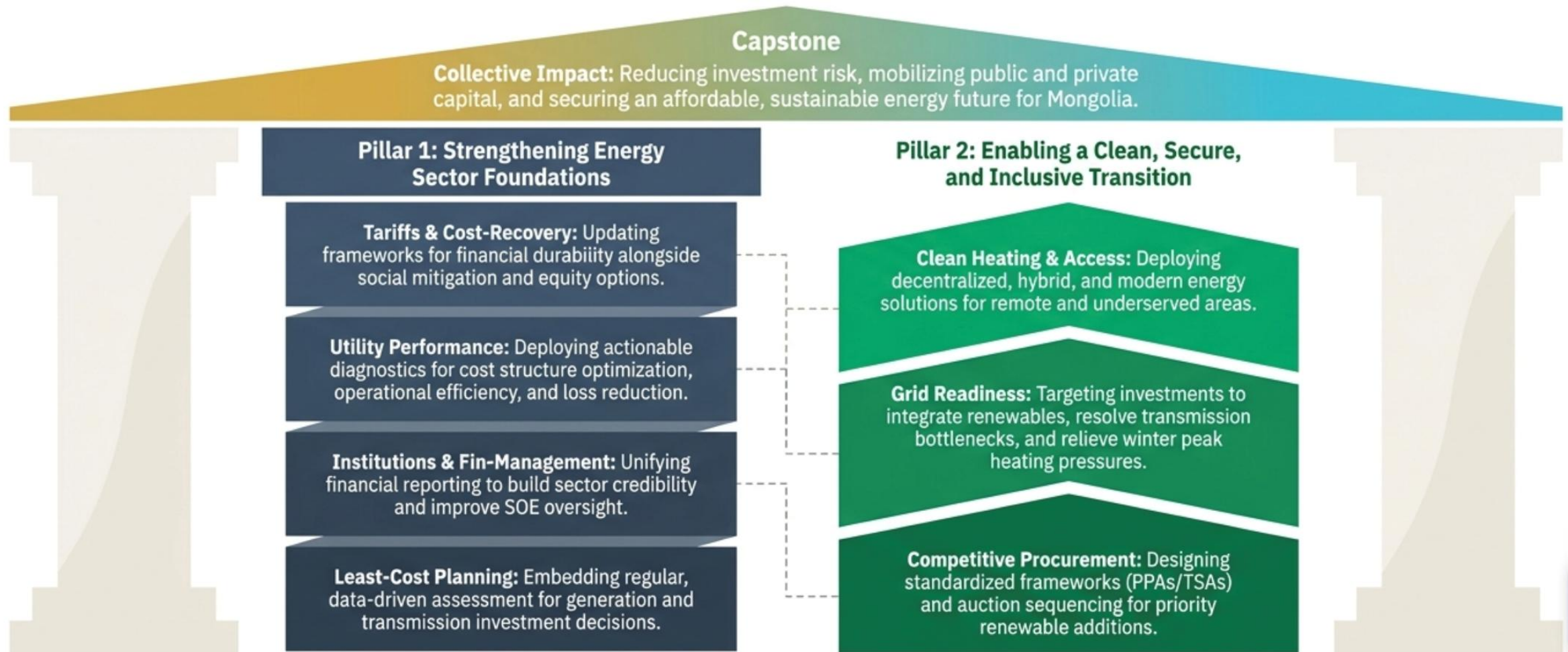
Heating sector decarbonization challenges and severe air-quality impacts

Energy access gaps in remote and underserved regions

PASA Program Development Objective

To support Mongolia's clean, secure, and affordable energy transition by informing sector decisions, guiding priority investments, and strengthening institutional capacity in the power and heating sectors.

PASA will advance a clean and secure energy future through policy reform, investment guidance, and stronger institutions



PASA will deliver practical outputs, support reform and priority investments

Pillar 1

Strengthening Energy Sector Foundation

Planning, Institutions & Financial Reform Framework

- Least-cost planning
- Sector institutions & financial management
- Utility performance
- Tariff framework & cost-recovery options
- Financial viability and recovery plan for the power **and heating** sectors: power sector financial sustainability; **heating affordability and transition considerations**

A predictable, transparent and financially credible sector framework

Pillar 2

Enabling a Clean, Secure & Inclusive Energy Transition

Market Readiness & Grid Integration

- Competitive procurement and market readiness
- Grid readiness and network investment needs
- **Power system digitization and data-driven operations (planning, dispatch & forecasting)**
- **Renewable integration & scale-up**
- **Priority clean energy project preparation**

A bankable pipeline of renewable energy investments with reduced risk for private sector participation

Clean Heating & Decentralized Access

- **Clean heating solutions**
- **Distributed energy access**
- **Soum-level distributed energy program**
- **Delivery and financing options**

A modernized, flexible power system capable of integrating RE while expanding clean access