

Ministerial Roundtable on IRENA's Cooperation with the Private Sector

Second Session of the Assembly of the International Renewable Energy Agency

(14-15 January 2012)

Summary Report

Introduction

During the second session of the Assembly of IRENA, a Ministerial Roundtable was organized to initiate dialogue among Ministers, Heads of Delegation and representatives of the private sector on IRENA's engagement with the private sector. Over 100 representatives of governments, renewable energy companies, international and inter-governmental organisations, and financial institutions attended the Roundtable.

The Ministerial Roundtable convened on January 15, 2012 in Park Hyatt Hotel, Abu Dhabi, was chaired and moderated by Ambassador Carlos Pascual, Special Envoy and Coordinator for International Energy Affairs of the United States of America. Presentations from three selected panellists set the scene for the discussions. Mr Xabier Viteri, CEO of Iberdrola Renewables Business, gave an overview of the state of renewable energy technologies; Mr Jeremy Rifkin, President of Foundation on Economic Trends, described the importance of renewable energy as reflected in his book "Third Industrial Revolution"; and Ms Christine Eibs Singer, Managing Director of E+Co., addressed the importance of reducing financial barriers for small and medium-size enterprises to increase the deployment of renewable energy.

The session aimed at defining how IRENA should work with the private sector to best promote greater deployment of renewable energy; how it could facilitate public/private interaction in the policy-making arena; and how to ensure that the private sector has a voice in this process. The session also aimed to address whether the establishment of a Business Council or a similar entity would be the most appropriate way for the private sector to feed into the IRENA dialogue on renewable energy, and how an inclusive and balanced participation could be ensured to accommodate diversity of views and ensure effectiveness.

IRENA's mandate is to strengthen efforts to increase the deployment of renewable energy technologies on a global scale and to act as a focal point for international cooperation on renewables. In accordance with its Statute (Article IV B), IRENA is to "initiate discussion and

ensure interaction with other governmental and non-governmental organisations and networks” in the renewable energy field. Participation of the industry in this context is critical. This has been recognised by Members on numerous occasions, including the second meeting of the Council of IRENA on 13-14 November 2011, when Council members expressed support for the creation of a Business Council that would contribute to IRENA developing a business case for renewable energy deployment, allow for the inclusion of private sector stakeholders in the IRENA process, and ensure broader support for IRENA’s mandate.

The key driver for advancing renewables remains forward-thinking enabling policy frameworks. In this regard, the public and private sector together have a central role in shaping a supportive business environment for renewable energy. Governments have a crucial part to play in levelling the field for renewables by providing an appropriate enabling framework, and the private sector is a powerful driver for the expansion of renewable energy markets. The viewpoint of private investors regarding the key conditions required to drive future investment growth in the renewable energy sector will be fundamental in closing the current gap in investment.

A Chair’s summary of the Ministerial Roundtable was presented to the Assembly. A summary highlighting its main points is annexed.

Ministerial Discussion

This report is a synthesis of the main discussions arising from the Ministerial Roundtable regarding IRENA’s engagement with the private sector and how such cooperation should be established. It also considers a number of guiding principles raised by participants that will have to be addressed in the coming months, in preparation for the establishment of any such entity. The report sets forth some of the key themes that were widely shared by the participants.

Endorsement and Purpose of the IRENA Business Council

The establishment of a Business Council, or a similar body, was strongly endorsed by participants. There was a widespread agreement that IRENA’s engagement with the private sector is fundamental and mutually beneficial, particularly in consideration of the private sector’s role as a principle source of technology, investment, and innovation in the renewable energy field. It was noted that a number of business councils focusing on renewable energy already exist. Many of them have emerged organically from the specific needs of the private sector; others have aimed to facilitate interaction with governments or intergovernmental institutions on different issues in specific geographic areas. While participants cautioned against the possibility of replicating existing work, they highlighted the essential function an IRENA’s Business Council could have.

Much of the discussion revolved around clearly defining the purpose of the proposed IRENA Business Council. It was recommended that its primary mission should be the promotion of the business case for renewables. It would advocate positions on issues of concern in the field and introduce economic rationality in the policy debate. Furthermore, it was suggested that it would capture and document successful business cases in order to be shared with interested stakeholders. The Business Council could also facilitate consultation and discussion between the private sector and governments. As such, it would become a formal platform for public-private sector dialogue, channel co-operation and allow for the formation of strategic alliances. It was also suggested that the IRENA Business Council would serve as an effective tool for the promotion of IRENA's activities worldwide.

Bridging the Chasm between Policy and Finance

It was underlined that the IRENA Business Council's primary focus should be to address policy, to the extent that it is policy that creates an effective business environment globally or in Member Countries and that the renewable energy field is a policy-driven, privately financed, business-delivered sector. It was noted that a key purpose of public policy in the renewable energy field is to mobilize the private sector – to influence the flow of capital, to create business opportunities, and deliver local benefits. It was suggested that IRENA could work with the private sector, with the assistance of the IRENA Business Council, to identify regulatory policies for government consideration that would create an enabling environment to effectively scale up investments in renewable energy. This would generate a competitive setting for investors, encourage stability and investor confidence, lead to further business opportunities for private companies, develop new core competencies and industries in the renewable energy sector, and enhance the prospects for sustainable economic growth.

Wide Representation across the Spectrum

It was emphasized that IRENA would only succeed if it works in close cooperation with a broad array of actors. In this context, IRENA will be expected to deliver a range of business cases that apply to a wide spectrum of issues, including industrial and developing countries, urban and rural applications, distributed energy and large-scale central plants, and various technologies, in order to cover the full spectrum of opportunities. The proposed IRENA Business Council should be an all-inclusive forum with representation from leading private sector corporations, governments, inter-governmental organisations, and academia.

It was also emphasized that a dialogue between business and policy-makers must focus on the entire supply chain, and not only on deployment. It was suggested that, to be effective, the Business Council needs the involvement of business leaders from across all sectors relevant to the renewable energy field, and more specifically the financial sector. It was highlighted that IRENA should take full advantage of the wide geographic representation of its constituents in order to ensure a broad range of membership in the IRENA Business Council, as well as to include the various types of localities (countries, cities, municipalities) in which renewable energy investments are made. Efforts should be made to utilize existing

networks and to make use of inter-connectedness in order to further outreach. The inclusive nature of representation would also allow for the creation of synergies between stakeholders and interested parties, as well as the public at large.

Approach to setting up the IRENA Business Council

While the majority of participants were in favour of IRENA establishing a Business Council, there was clear emphasis on the fact that a gradual approach to its establishment is necessary. It was noted that, as a first step, a Steering Committee should be formed for a temporary period of time (six months to a year) to prepare the foundations of the proposed Business Council. The Steering Committee should consist of a small group of Members and business representatives. The Steering Committee would define the purpose of the IRENA Business Council and further explore the most appropriate mode of operation.

It was noted that efforts should be made to ensure that the private sector be engaged not only through the IRENA Business Council, but also in the implementation of IRENA's work programme activities. It was also cautioned that, although the IRENA Business Council could fill an important role, it does not replace government decision-making processes

Conclusions

In consideration of the private sector's role as the principal source of technology, investment, and innovation in promoting the deployment of renewable energy, there was wide consensus among participants that IRENA's engagement with the private sector is an essential requirement to furthering its mission. The participants encouraged the establishment of an entity such as a Business Council to institutionalize the engagement of the private sector with IRENA.

The purpose of an IRENA Business Council would be to: (i) contribute an industry perspective to the IRENA Assembly and; (ii) provide private sector input to policy decision-making by governments in IRENA. It would serve as a formal platform for public-private sector dialogue in order to channel co-operation around renewable energy initiatives of mutual benefit of all stakeholders. The IRENA Business Council would serve to bridge the chasm between policy and finance, identifying enabling regulatory policies that create the market environment required to effectively scale up investments in the renewable energy sector.

ANNEX: Ministerial Roundtable on IRENA's Cooperation with the Private Sector

January 15, 2012

Summary

- The purpose of the Ministerial Roundtable was to address the question of IRENA's engagement with private sector.
- Engaging the private sector is key to development, to the greater dissemination of RE, and to operational capacity.
- RE and the private sector are already big business. In 2011, of the USD 260 billion invested in clean energy according to Bloomberg New Energy Finance, there were large investments by the private sector (USD 137 billion was in solar, USD 75 billion was in wind). 80% of the USD 260 billion was project related, and 90% was private finance.
- This is particularly relevant in context of sustainable energy for all. The challenge is of even more massive importance for the private sector. In 2011-2035, the IEA New Policies Scenario projected that investment in in new power plants by generation type would be: USD 2.8 trillion for fossil fuels, USD 1.1 trillion for nuclear, and USD 5.9 trillion for renewables.
- Vision: We will need to adapt and adjust to what the future will look like-it will be diversified, decentralized, will parallel the internet and transform the way we use energy. We are in the cusp of change (there are USD 2.7 billion people with no clean cooking facilities but 2.3 billion with access to internet). The future of energy:
 - Concentrated RE centres are part of solution;
 - We will have more and more decentralized solutions (off-grid + each building will be its own power plant);
 - Finance will be more decentralized, more nimble, bring usages together (cooperatives);
 - Investments in infrastructure must change (smart technologies);
 - SMEs will play a more important role.
- The Business Council: The question is what is IRENA's role in bringing these lessons together to have a greater impact on adoption of RE?
 - There was consensus on some kind of business council, but the mechanism should be discussed further;
 - This purpose should be on driving investment and ensuring we capture business cases (finance, technology, role of SMEs and how they work together) to document and share these stories to achieve greater adoption of these technologies (replicate these cases);
 - There was consensus that we should include participation from diverse sectors (technologically, financially, in terms of information technology and geographically);
 - In order to have impact, it must take into consideration localities (countries, states, municipalities) in which investments are made;
 - Utilize networks and how they inter-connect in order to have a broad reach;

- The focus should be on technology, business and investment. The extent to which policy should be a factor was a question, and it should be only so far as policy impacts investment;
- Technology neutral;
- Mechanism (practical idea): Start with a Steering Committee established for a year, with private sector participants, to develop ideas on how Council should work. Ideas should be presented to Assembly to take the final decisions.