The third edition of the IRENA Legislators Forum gathered 56 parliamentarians from 30 countries in Abu Dhabi for a two-day meeting. On Thursday 11 January, participants were welcomed at the Federal National Council (FNC) of the United Arab Emirates by the FNC Speaker, H.E. Dr. Amal Al Qubaisi, and Mr. Adnan Z. Amin, Director-General of the International Renewable Energy Agency (IRENA).

Parliamentarians engaged in discussions on the interlinkages between the Sustainable Development Goals (SDGs), and specifically SDG7 on affordable access to clean energy, including the involvement of the private sector in the implementation of SDG7. The joint FNC-IRENA meeting was followed by a field visit of the Integrated Seawater Energy and Agriculture System plant, at Masdar City, Abu Dhabi.

The discussions during the IRENA Legislators Forum (Friday 12 January) focused on the role of parliamentarians in catalysing action to accelerate the energy transformation, particularly in the context of Nationally Determined Contributions, and the transition in focus from the power sector to the end use sectors, as well as how legislators can contribute to establishing an enabling legislative and institutional framework to boost private sector investments in renewable energy.

Participants of the Legislators Forum were also invited to take part in a public-private dialogue. A roundtable discussion was held between policy makers, investors and practitioners to look at the opportunities and challenges of engaging the private sector in the energy transformation and how to set an enabling environment for investors.

Press release
Agenda of the FNC-IRENA joint Parliamentary Forum
Agenda of the 2018 IRENA Legislators Forum
In his address to the participants of the 2018 IRENA Legislators Forum, the Agency’s Director-General, Mr. Adnan Z. Amin, said that the energy transformation was not about the replacement of one energy source by another, but rather an agenda of economic and industrial transformation. “Energy is not about ideology. It is about delivering kilowatts, megawatts, and gigawatts in an affordable and secure manner to improve livelihoods and to power our economies while preserving our environment,” Mr. Amin said.

Three Ds of renewable energy — decarbonisation, decentralisation and digitalisation — are reshaping the energy sector and with it the entire economy, Mr. Amin said. “As champions for renewable energy, your advocacy for the potential of renewables will be essential for moving us all forward to a new economic age,” he added.

Parliamentarians are decision makers who hold a unique position to drive this transformation. “They are involved in setting long-term renewable energy targets, ensuring appropriate budgetary allocations, developing legal and institutional frameworks to accelerate innovation and the deployment of renewables, and mobilising investments.”

IPU Secretary General calls for accessible data

In his address to the participants of the 2018 IRENA Legislators Forum, IPU Secretary General Martin Chungong underlined the importance of such forum, which he described as a platform where “expertise met policymaking, represented by the participating legislators.” He insisted on the fact that, “parliamentarians are not required to be specialists, so they need access to digestible data and information that would allow them to formulate policies that are consistent with the interests of the people.”

Recognising the need for a forum of exchanges on renewable energy, such as the one held by IRENA, Mr. Chungong assured the Director-General of the IPU’s active support to promote it further. “In many constituencies, parliaments have the power to legislate, hold the government to account, and allocate resources for relevant policies. The renewable energy sector is one where parliamentarians and legislators in the world can make a huge difference,” affirmed IPU Secretary General.
Energy is integral to economic development, human health and well-being, and environmental sustainability — virtually all development goals the global community has set for itself. Thanks to these interlinkages, access to clean and sustainable energy can positively influence livelihoods and economic growth, advancing progress on global development goals. IRENA estimates that a doubling of renewable energy’s share of the global energy mix is technically feasible and economically viable.

Currently, in numerous non-OECD countries businesses suffer from irregular power supply or lack of access to electricity. Demand is high for modern energy services, therefore decentralised and reliable renewable energy solutions can be a profitable business for the private sector. Legislators agreed that one of the biggest obstacles to the development of off-grid power are some large electricity companies who have vested interests in carrying on with a business-as-usual scenario. The discussions drew some lines of action for parliamentarians to circumvent this challenge.

A set of policies should be introduced and translated into an enabling legislative framework. Conducting auctions, for example, including auctions for mini-grids, has the potential to open the market to small local investors who would be ensured of a standard contract and government guarantee of payment. Setting renewable energy targets, with clear timelines and processes to reach those targets, would also strengthen investors’ confidence. In addition, developing a long-term plan or vision, would ensure policy and regulatory stability, and encourage private sector engagement. The bottom-up approach also ought to be encouraged with, for example, the pay-as-you-go model led by small indigenous companies. In order to consolidate this activity, legislation should be put in place to ensure consumer protection against deficient material and malpractice. Finally, to make it rewardable to invest in renewable energy, the argument for setting a price on carbon was put forward and participants all agreed that, provided it was carried out correctly, such policy should be pursued.

Parliamentarians were encouraged to involve and engage with all energy actors, including consumers, private sector companies, local and national level authorities to build public acceptance and strengthen the political will to engage on long term planning for the energy transformation.

Some Facts and Figures

» The UN’s 17 Sustainable Development Goals (SDGs) seek to eradicate poverty while healing and securing our planet. SDG 7 aims to ensure universal access to affordable, reliable and sustainable modern energy for all;

» Power shortages cut economic growth by 2% to 4% annually. Health clinics without electricity struggle to refrigerate medicines and exposure to smoke from wood-fired cook stoves cause 4.3 million premature deaths per year;

» Renewables are now the default choice for off-grid installations in most rural and peri-urban areas and IRENA estimates off-grid solutions can meet roughly 60% of the demand;

» The private sector will play a crucial role in scaling-up off-grid solutions. When the conditions are right, they can pioneer the establishment of delivery channels, innovate with products and services, and unlock substantial private capital.

Waseqa Ayesha Khan, Member of Parliament, Bangladesh
ACCELERATING THE ENERGY TRANSFORMATION THROUGH NATIONALLY DETERMINED CONTRIBUTIONS

Some Facts and Figures

» Nationally Determined Contributions (NDCs) put forward by countries under the 2015 Paris climate accords have not kept up with the recent rapid growth in renewables. While the global installed capacity of renewable power grew by an average 8.5% per year between 2010 and 2016, implementation of the renewable energy targets in current NDCs would only lead to an average annual increase in renewable energy deployment of 3.6% over 2015-2030;

» Of the 194 Parties that have submitted NDCs, 85 Parties have not included quantified targets for renewables in their NDCs, but many of them have ambitious national energy plans in place;

» Most NDCs treat renewable energy deployment primarily as a mitigation measure, but renewables can also contribute in adapting to, and building resilience against the adverse impacts of climate change;

As we engage in a two-year process leading to the review of the NDCs, parliamentarians have a crucial role to play. A facilitative dialogue will be organised during the annual meeting of the UN Framework Convention on Climate Change in December 2018 to review the existing NDCs and submit more ambitious ones by 2020 – with the aim of remaining under the 2°C limit of global temperature rise, set under the Paris Agreement. An exchange of views among participants from various countries highlighted differences in the challenges faced by developed and developing countries.

Legislators from Germany and Belgium recognised that important progress had been made in their respective countries. On 1 January 2018, history was made when, for the first time, 100% of Germany’s electricity came from renewable energy, which demonstrated that decarbonising the energy system was feasible. Yet, both participants also spoke about the grid lock that their respective countries faced in the phasing out of the old energy system, i.e. coal or nuclear power plants, and the difficulties of integrating a higher share of variable renewable energy in the existing system. A strong plea was made for developing countries not to choose an energy pathway that would lock them in a centralised and rigid system, which seems to hold back the deployment of renewables in many developed countries. The solution was said to be one of decentralised energy, led by local communities. “Skipping the carbon era should not mean shifting to another capital intensive, centralised system,” said one participant.

The view was expressed that, thanks to the steep decline in costs, the issue was no longer a matter of whether the transformation made economic sense, but how to overcome the resistance to change, which requires strong and clear political will. In contrast, participants from Uganda, Mali, Bangladesh and Ivory Coast all agreed that the point of resistance in their countries was more to do with whether they could afford to follow a pathway towards a low-carbon economy, especially in countries that possessed fossil fuel resources, which could be exploited to strengthen economic development, and provide for fast-growing populations.
In order to make the political choice to not tap into fossil fuel resources, developing countries would need to receive financial support to help leapfrog to a clean energy system. Opportunities to leverage climate finance for renewables through the NDCs, should be explored. Discussions were initiated to encourage the Green Climate Fund to be more effective in advancing renewable energy development pathways through its financing. A member of the NATO Parliamentary Assembly delegation attending the two-day event, insisted that such financial assistance would be in the interest of both developing and developed countries, since economic development and security issues were so strongly interlinked.

Political will was recognised as key to fully engage in the energy transformation or to carry it forward. In this context, members of parliament acknowledged that they were in a unique position to act. They are a bridge between the local and the national level, and they can build networks to strengthen parliamentary actions. Adopting a law was seen in fact as the last step of the process. Action should start by building support for such a law, through a network of local actors, and establishing all-parties parliamentary networks within each national parliament — such as the cross-party Parliamentary Forum on Climate Change from the Uganda Parliament, which now counts half of Uganda's parliamentarians as members.

Thanks to the steep decline in costs, the issue is no longer a matter of whether the transformation makes economic sense, but resistance to change, which requires strong and clear political will.
In the power sector, we have seen policies and regulations adapt to a rapidly changing market, and a growing share of renewables integrated in the energy mix. Yet, if we are to meet the carbon targets set in Paris, the pace of the energy transition in the end-use sector (heating/cooling, transport, building, industry, etc.), which contributes two thirds of the energy sector’s carbon emissions, has to be accelerated. There is great potential in the use of electricity in mobility, heating and cooling processes, coupling the power and the end-use sectors, to address the issue of intermittence and storage, as well as in increasing the use of bioenergy. New policies and regulations are needed to enable a high integration of renewables in these sectors, and nurture innovation in infrastructure, markets, policies, finance, etc. In addition, some participants underlined that synergies between renewable energy and energy efficiency measures are crucial to limiting energy demand growth. Yet, to date, only a few countries have pursued targets and policies that combined the two.

One aspect that was largely discussed is the new distribution and consumption patterns. In some European countries, decentralised ways of producing power through renewables have turned consumers into ‘prosumers’, who consume and produce energy at the same time. However, the grid might not be flexible enough to integrate a greater share of variable renewable energy. Prosumers will therefore have to become ‘prosumactors’. Thanks to digitalisation and smart metering, it is now possible to adapt the time and the amount of energy exchanged by a larger number of actors, who are also involved in the response to demand. Yet, prosumactors will need to be properly incentivised by legislative and regulatory measures if the new system of transfer of energy is to be reliable and efficient. One way to incentivise prosumactors could be to deliver green certificates to home owners, and instead of taxing them on the size of their house, inhabitants could be taxed on the level of their carbon emission, which could be lowered through the transfer of energy. Regulations could also enable people to invest in solar panels to be placed on the roof of home owners who may not have the means to invest in renewable energy themselves. Governments should also be encouraged to put in place attractive ‘energy loans’ to make renewable technology accessible to a large part of the population, and thereby accelerate the process. This was promoted as a cheaper, indirect way for governments to invest in
the energy transformation. Finally, as the energy system gains flexibility, it has become more complex, and it was recommended to open ‘energy houses’, as a one-stop shop to guide and inform prosumactors.

Consumers were again placed at the heart of the discussion when a Mexican member of Parliament spoke about some of the difficult trade-offs of his country’s energy reforms. Thanks to the liberalisation of the market and the tendering mechanisms put in place, prices for energy have never been lower, yet the national electricity company was now buying this cheap electricity, and re-selling it on the market with a high margin. Therefore, consumers were not benefiting from the reforms. Legislation was now needed to adapt to this new distortion of the market. Participants agreed that, in order to gain public support and involve consumers as actors of the energy transition, the benefits of such transformation had to be broadly and fairly shared.

The question of bioenergy was also largely discussed, and it was explained that powering a low-carbon energy system only through electricity by 2050 was unlikely. Some parliamentarians noted that a form of carbon would still have to be used, and probably the cleanest and most sustainable form of carbon was bioenergy. Yet, the sustainability of such a solution was raised as a concern by some participants. An alternative would be to use synthetic fuel, but its efficiency was questioned; hydrogen could also be a possibility, but water use for this technology was said to be high. Some parliamentarians urged their peers to think carefully about the trade-offs of technologies, judged by some to be not yet fully mature.

In conclusion, it was agreed that part of the answer of the energy system transformation had to come from the consumers, the patterns of energy consumption and the market design. Lowering the level of energy consumption through behavioural changes and energy efficiency measures had to represent a large part of the answer to the question of the end-use sectors’ decarbonisation.

New policies and regulations are needed to enable a high integration of renewables in the end-use sectors, and nurture innovation in infrastructure, markets, policies, finance, etc.
The global energy transition requires a significant increase in renewable energy investment compared to current levels. Although renewable energy technology costs have been falling sharply, underlying market barriers, and a perception of high risk, still constrain the development and financing of renewable energy projects in many parts of the world. Since public resources are limited, most of the new investment in renewables must come from the private sector.

With a view to addressing this issue, IRENA convened parliamentarians, government representatives, and members of the Coalition for Action1 to engage in a public-private dialogue on unlocking investment.

Policy framework and regulatory environment need to create the investment climate for national and international players to make projects happen on the ground.

While the international conversation on renewable energy has gone through some remarkable changes and rapid evolution in recent years, real change is largely made at the national level. This is where the policy framework and regulatory environment need to create the investment climate for national and international players to make projects happen on the ground. A white paper, issued by the Business and Investors Group of the Coalition for Action, identifies three main categories of challenges faced by investors: finance and projects bankability, administrative and capacity issues, and regulations.

In addressing the finance and bankability challenge, members of the Business and Investors Group insisted that, to increase investors' confidence, and mobilise finance for renewable energy projects, effective risk mitigation instruments have to be promoted, including off-taker guarantees and currency risk hedging mechanisms. In this regard, public finance institutions need to move away from direct financing to targeting risk mitigation and lower the cost of capital for investors.

The introduction of standardised contracts for Power Purchase Agreements (PPAs) to mitigate both administrative and financing risks, was also discussed, and IRENA announced it was currently working on developing bankable standardised PPAs for large scale renewable energy projects. Many participants recognised standardised PPAs as a useful tool to increase renewable energy capacity rapidly. Yet a word of caution was voiced with regard to the very country-specific legal contexts. Some legislators favoured having access to an inventory of laws, policies, and standard contracts to enable comparison and identify best practices within a specific context.

In discussing the regulatory challenge, participants insisted that regulatory frameworks need to ensure non-discriminatory market access to all types of investors (local/external, large/small). In its paper on Community Energy, the Community Energy Group of the Coalition for Action insists that community participation in renewable energy projects is a key factor for building public acceptance and support for an effective energy transformation.

Many participants agreed that it was difficult to achieve inclusiveness in an environment where auctions have become the favoured support mechanism. Tendering

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1 The Coalition for Action is an international network uniting private companies, industry associations, research institutes and civil society, with the aim of driving the global energy transition in line with the Sustainable Development Goal on energy.
in the wind energy sector in Germany, where small and medium investors have been side-lined from the market, was used as an example of such concern. Some recommended to promote a mix of modern feed-in-tariffs and auctions, but only for plants producing 40 MW and above.

When discussing consumers as the drivers of this transformation, some legislators warned that, whereas a lot of attention was being paid to the ways of attracting investments into renewables, not enough was being said about who was going to pay for the transformation of the energy sector eventually. A balance will have to be struck between returns to investors and benefits to the people. ‘Legislation has to ensure that cheap energy prices are not converted into large profits for national electricity companies, but rather lead to a more competitive industry, allowing for low electricity prices to be translated into cheaper goods and reduced costs of living,’ said one legislator, who called for an open debate on this issue.

Above all, participants agreed that one of the most important factors are the clear signals sent by governments of their will to attract investments into the renewable energy sector. Investment levels are highly responsive to rapid and/or unexpected changes in energy policies, and legislators were called to be the guarantor that such instability was minimised. Echoing the morning discussions, many agreed that the political will to fully engage in the energy transformation still needed to be strengthened in both developing and developed countries. Renewables are now proven to be competitive, yet decision-makers still choose to license coal and nuclear power plants. ‘The most sophisticated policy instruments will not overcome the lack of political leadership to accelerate the energy transformation,’ concluded one of the participants.
Following the conclusions of its deliberations, the Legislators Forum reported to the IRENA Assembly, which took note of the discussions that had taken place. The following is the text of the report by the 2018 IRENA Legislators Forum to the Assembly.

On 12 January, 56 Members of Parliament from over 30 countries gathered for the third IRENA Legislators Forum to discuss and endorse actions to support the development of renewable energy legislation, in the firm belief that it will serve to strengthen a more sustainable energy future.

Parliamentarians welcomed the Legislators Forum as an effective platform to address the need for a sustained and continued dialogue between parliamentarians, parliamentary associations and IRENA, in particular as it relates to the formulation of evidence-based policies and other support mechanisms.

Parliamentarians recommended that IRENA continues to expand its parliamentary engagement, including developing new formats of collaboration for sharing experiences and best practices. For example, parliamentarians discussed the added value of aligning IRENA’s engagement with parliamentarians with its programmatic activities and initiatives.

Participants to the 2018 Legislators Forum encouraged IRENA to act as a facilitator and a coordinator of regional parliamentary groups to discuss and promote actions to accelerate the energy transformation. They also encouraged IRENA to strengthen its collaboration with global parliamentary unions such as the Inter-Parliamentary Union (IPU), to which it can bring its expertise and help raise awareness about the latest trends and developments in renewable energy.

Parliamentarians emphasised the importance of renewable energy in achieving the Nationally Determined Contributions (NDCs) and of developing these objectives into concrete actions and opportunities for investments, while being inclusive of all stakeholders in the process to implement and revise the NDCs.

Discussions also focussed on the critical need and opportunity to expand renewable energy in the end-use sectors. While the transformation of the energy sector towards a low-carbon system is moving forward in the power sector, we still face major challenges in the end-use sectors. Electrification of end-use sectors through renewable power and the increased use of bioenergy will be crucial to decarbonising these sectors.

Participating legislators at the forum yesterday also emphasised the following points:

» Parliamentarians should be encouraged to actively engage in dialogues amongst all stakeholders. In this context, the first public-private dialogue organised yesterday by the Agency, gathering legislators, representatives of the private sector and government representatives, is an excellent initiative, which should be pursued and further developed in various fora.

» It is crucial that citizens are encouraged to actively participate in the acceleration of the energy transition. In this regard, members of parliament hold a unique position to raise awareness and increase public support. This will be done through the maximisation of the socio-economic benefits of renewable energy, such as jobs and local value creation in this sector.

» Parliamentarians also advocated greater technology and knowledge transfer, including on policies, innovation and new market designs to accelerate the energy transition and address issues of climate change and development.

» The IRENA Legislators Forum is the ideal platform to initiate such exchanges and we encourage the Agency to strengthen and enlarge its network of parliamentarians participating in this forum, held in conjunction with its annual Assembly.
UNTAPPED POTENTIAL FOR CLIMATE ACTION: RENEWABLE ENERGY IN NATIONALLY DETERMINED CONTRIBUTIONS

Nationally Determined Contributions (NDCs) are a cornerstone of the Paris Agreement on climate change. They set out the actions that countries plan to undertake to achieve the agreement’s objectives, focused on limiting the rise in average global temperatures to well below 2°C, ideally to 1.5°C. IRENA has analysed NDCs in relation to national energy plans and actual deployment trends.

RENEWABLE POWER GENERATION COSTS IN 2017

Renewable energy has emerged as an increasingly competitive way to meet new power generation needs. This comprehensive cost report from IRENA highlights the latest trends for each of the main renewable power technologies, based on the latest cost and auction price data from projects around the world.

REVIEW FOR PARLIAMENTARIANS: PREVIOUS ISSUES

ISSUE 4 — SPECIAL EDITION — 2017 IRENA LEGISLATORS FORUM

This special edition gives a full account of the discussions held during the second Legislators Forum held in Abu Dhabi, United Arab Emirates, in conjunction with IRENA’s seventh annual Assembly. Parliamentarians from 15 countries and the European Union, gathered together to discuss best practices, opportunities and challenges in promoting renewables, and ways to establish an enabling legal framework.

Français Español

ISSUE 5 — ENERGY ACCESS AND DECENTRALISED SOLUTIONS

Access to modern energy services is central to achieving development goals, including those related to poverty eradication, ending hunger, improving health, education and gender equality. To achieve universal access to electricity by 2030, the current pace of expansion of off-grid renewable energy must almost double.

Français Español

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» Visit the Parliamentary Network page on the IRENA website: www.irena.org/parliamentarynetwork

» Join the IRENA Parliamentary Network on Facebook — a dedicated space for parliamentarians to find up-to-date and reliable information on renewable energy. To join send an email to legislators@irena.org

» Follow IRENA on social media — Facebook, Twitter and LinkedIn — and join the global discussion on renewable energy.

SAVE THE DATE
IRENA LEGISLATORS FORUM • JANUARY 2019
ABU DHABI, UNITED ARAB EMIRATES

If you are interested in participating, send an email now to legislators@irena.org and join us at the start of next year, for the fourth edition of the Legislators Forum.

The next edition of the IRENA Legislators Forum will address the energy transformation in Africa. Members of parliament from all regions of the world are welcome to participate and share their national experiences. As in previous years, the fourth Legislators Forum will be directly followed by IRENA’s annual Assembly, a gathering of 1 000 participants representing over 160 Member countries, States in Accession and the European Union, in addition to representatives of international and regional organisations, private sector entities, industrial associations, and others. Participants in the Legislators Forum may wish to arrange to attend the Assembly (11-13 January) and the World Future Energy Summit (14-17 January), to benefit from the discussions of thought leaders on global developments for renewable energy, to consider the challenges and opportunities on the road ahead, and to identify joint actions to achieve common goals.

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