

Twenty-seventh meeting of the Council
Abu Dhabi, 13-14 June 2024

Background Note

Industry Driven Partnerships for Accelerated Energy Transition: AFID and UNEZA

Background

1. The report on tripling renewable power and doubling energy efficiency¹ flags that with variable renewable energy (VRE) sources becoming the major source of power in a 1.5°C-compatible world, countries must start upgrading and expanding their power grid infrastructure to prepare for increasing end-use sector electrification.
2. IRENA's analysis² indicates that industrial production of key materials is an essential enabler of modern economies. As countries develop, the demand for such materials grows, and, thus, energy consumption. The industry sector accounted for 36% of the global final energy consumption in 2020. Moreover, most production processes are carbon intensive, making industry responsible for one-fourth of the global energy-related CO₂ emissions, the second-largest emitter after the power sector.
3. The Breakthrough Agenda report³ calls for accelerating sector transitions through stronger international collaboration. The recent IRENA report "Decarbonising hard-to-abate sectors with renewables: Perspectives for the G7" flags that the acceleration of decarbonisation in hard-to-abate sectors requires decisive action from governments and the private sector, with far-reaching implications for national and international policy, technology and infrastructure planning, global commodity markets, international supply chains, and business models⁴.
4. More than 130 countries signed the Global Renewables and Energy Efficiency Pledge that aims to triple the world's installed renewable energy generation capacity to at least 11,000 GW by 2030 and double the global average annual rate of energy efficiency improvements from around 2% to over 4% every year until 2030⁵.

¹ <https://www.irena.org/Publications/2023/Oct/Tripling-renewable-power-and-doubling-energy-efficiency-by-2030>

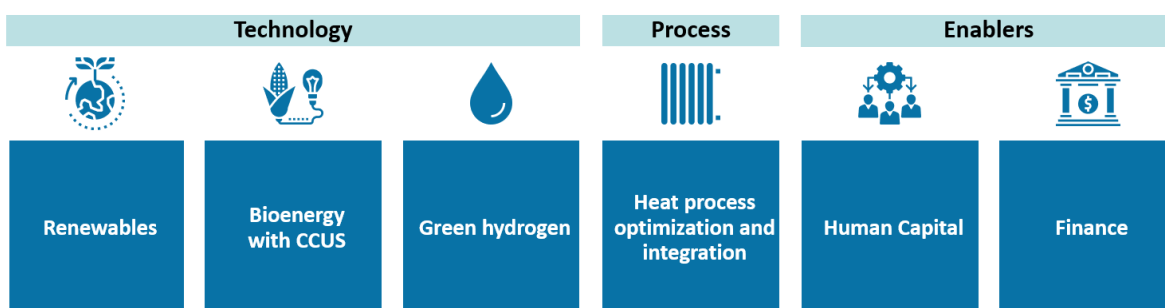
² <https://www.irena.org/Publications/2023/Jun/World-Energy-Transitions-Outlook-2023>

³ <https://www.irena.org/Publications/2023/Sep/Breakthrough-Agenda-Report>

⁴ <https://www.irena.org/Publications/2024/Apr/Decarbonising-hard-to-abate-sectors-with-renewables-Perspectives-for-the-G7>

⁵ <https://www.cop28.com/en/global-renewables-and-energy-efficiency-pledge>











5. As per the Medium-Term Strategy 2023-2027, IRENA has been galvanizing international collaboration and provides inclusive platforms for all stakeholders to foster targeted action, alignment of activities and knowledge-sharing for impact on the ground. Among those, IRENA, in cooperation with international partners, support two multistakeholder platforms based on industry driven partnerships.
6. The [Alliance for Industry Decarbonization](#) (AFID) serves as a global platform for enhancing dialogue at the industry level and increasing cooperation through exchange of insights, experiences and best practices across the energy and hard-to-abate sectors. The Alliance also aims to help companies develop solid decarbonization strategies and implementation plans.
7. Members of AFID have individual reduction plans that collectively aim to reduce 51% of direct and indirect greenhouse gas (GHG) emissions and grow the installed renewable capacity from 84 gigawatts (GW) today to 187 GW in 2030. Moreover, AFID members committed to almost double installed green hydrogen, drive green energy solutions, increase workforce re-skilling from currently 15% to 91% and significantly boost investments in energy transition projects to more than USD 50 billion by the end of this decade.
8. In accordance with its [Implementation Plan](#), AFID has fostered actions for decarbonization of industrial value chains, promoting understanding of renewables-based solutions and their adoption by industry with a view to contributing to country-specific net-zero goals.
9. In implementing its [Decarbonization Commitment](#), 70 member companies and ecosystem knowledge partners of AFID are advancing joint activities, initiatives and realized projects on the ground to advance the key decarbonization pillars related to technologies, industrial processes and enablers.



10. The [Utilities for Net Zero Alliance](#) (UNEZA) provides an international platform for cooperation among power utility entities, to address and overcome common barriers to the realisation of net zero ambitions and nearer-term emission reduction targets.
11. Thirty-five UNEZA member companies and support partners adopted the [Roadmap to 2030](#) that includes a joint target to increase total renewable energy capacity to 749 GW by 2030, an increase of 2.5 times relative to 2023.

12. The Roadmap is accompanied by the [Plan of action](#) that addresses the pressing need to scale and modernise global grid infrastructure to support clean power development and the tripling of renewables by 2030. UNEZA members have committed to significant investment programmes to reinforce, digitalise, and modernise the grid infrastructure in line with the global benchmark of a doubling by 2030, subject to regulatory frameworks and consenting regimes being aligned to this ambition.
13. To accelerate the energy transition, six focus areas have been defined, where actions along four pillars can alleviate challenges in the ecosystem.

Priority challenges for 2024-25 across focus areas and pillars

Priority challenges for 2024-25 across focus areas and pillars				
Focus areas	 Mobilize capital	 De-risk supply chain	 Build capabilities and talent	 Facilitate Policy & regulatory support
 Buildout of clean power and decarbonization of thermal	<p>Inefficient and slow financing process due to</p> <ul style="list-style-type: none">• Taxonomy of grid investments within multilateral development banks• Unclear business case	<p>De-risking is limited due to bottlenecks in the supply chain, a significant mismatch between supply and demand and difficulty to coordinate procurement across regions and to form partnerships at scale</p>	<p>Availability of human capital and knowledge sharing across regions hinders critical prerequisites such as grid flexibility, which is essential for net-zero transition</p>	<p>Inefficient policy uptake & permitting slows down projects</p> <p>Lack of policy standardization across regions adds to process inefficiencies</p>
 Build up reliable and flexible grid infrastructure				
 Drive wide-spread adoption of electrification				
 Improve Energy Efficiency				
 Promote technological innovation				
 Sustainable execution of actions				
Build out of clean power and the grid infrastructure are deeply interlinked, with grids a key enabler for clean power build-out				

14. AFID and UNEZA are open for membership to companies and partners determined to expedite the decarbonization and transition towards a net zero future by 2050.
15. International cooperation on energy and industry needs to be further enhanced. With the centrality of energy and industry to the global development and climate agenda being undisputed, international cooperation has increased in recent years, helping to steer the energy transition. The speed at which energy and industrial sectors respond to geopolitical developments and the tripling pledge makes it imperative that co-operative multi-stakeholder cooperation platforms, modalities, instruments, and approaches remain agile and relevant.

Objective of the session

The goals of the Global Renewables and Energy Efficiency Pledge and the ambitions of AFID and UNEZA are not stipulated as aspirational; they are essential and transformative targets. The objective of the session is to have an exchange among the Membership on how the net zero and decarbonization goals set at the national level could be practically supported by the industry for an accelerated energy transition. Feedback on the ambitions and work undertaken so far by AFID and UNEZA would be welcome to guide the future course of implementation for these industry driven initiatives.

Guiding questions on the key enablers to support realisation of the targets

- How to advance international cooperation between public and private stakeholders?
- What needs to be done to accelerate permitting of renewable projects and related infrastructure so that the private sector can deliver on the established targets?
- What are the key elements to provide the needed clarity on market design and incentive schemes, and strengthen market conditions and investment frameworks to facilitate private and public investments in renewables and energy efficiency?
- How can industries enhance and scale new technological solutions, including through public support in research, development and innovation?

Associated Publications

International reports

[Breakthrough Agenda Report 2023](#)

[World Energy Transitions Outlook 2023: 1.5°C Pathway](#)

[Decarbonising hard-to-abate sectors with renewables: Perspectives for the G7](#)

AFID

[Decarbonization Commitment](#)

[Implementation Plan](#)

UNEZA

[Roadmap](#)

[Plan of action](#)