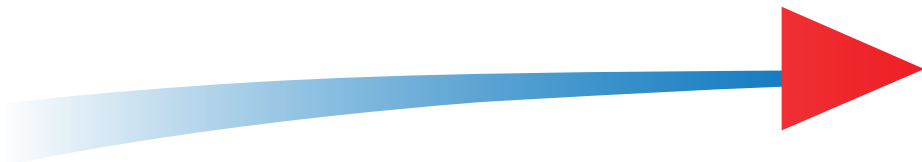


Scaling up for a renewable future



*REN Alliance COP 15 Policy Statement
Copenhagen, December 2009*



***Reforming existing mechanisms and
shaping new approaches post-2012***

Key messages

1. Putting renewables at the forefront of climate change mitigation
2. Reforming the CDM to accelerate renewable energy development
3. Renewables leading the post-2012 regime
4. Innovatively financing a renewable future





The International Renewable Energy Alliance (REN Alliance) was formed during the international conference, Renewables 2004, Bonn.

It is a partnership of the major international organisations that represent the bioenergy, geothermal, solar, water and wind technologies.

- *International Geothermal Association (IGA);*
- *International Hydropower Association (IHA);*
- *International Solar Energy Society (ISES);*
- *World Bioenergy Association, (WBA);*
- *World Wind Energy Association (WWEA).*

The REN Alliance provides a unified cross-sectoral voice on renewable energy in international renewable energy and climate change fora and media.

1. Putting renewables at the forefront of climate change mitigation

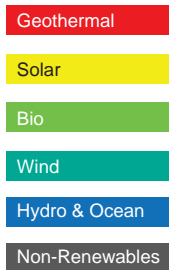
Climate change is largely about energy. We are not running out of energy options, we are running into them. Renewables are trusted, sustainable, and low carbon sources of energy.

Renewables must be put at the forefront of climate change mitigation measures and targets to achieve a sustainable future.

A renewable future is a realistic future. The first step is the efficient use of energy, reducing consumption and waste, especially in the developed world. The second step is a rapid transition to an energy services system centred on renewables. Taking electricity as an example, 2010 to 2020 marks the period where the world must turn to renewables.

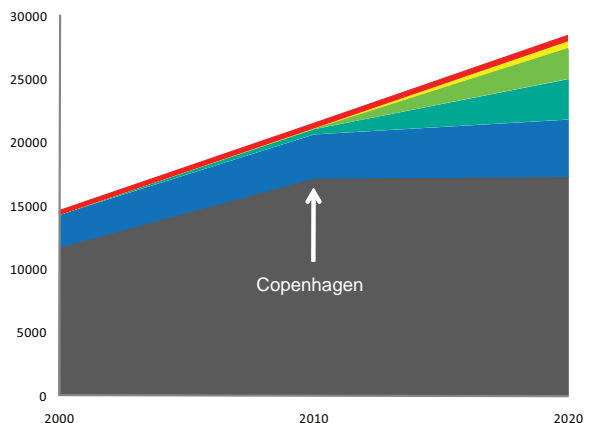
Fig. 1: World Electricity Production 2000-2020

Key:



Projections:

REN Alliance Partners



But renewable electricity production is only a part of the picture - renewables are, can, and must make an equally significant contribution in heating/cooling and transport. In particular, the direct application of bio, geothermal, and solar energy, with renewably produced electricity also feeding into this mix. The extraordinary potentials of renewables mean that they can provide the major part of all energy services: power, transport, and heat.

2. Reforming the CDM to accelerate renewable energy development

In the short to medium term, the Clean Development Mechanism (CDM) will remain the principal means for mobilising private sector capital for GHG emission reduction projects. However, currently the CDM is simply not working to enable the full potential of renewable energy development. Significant structural and administrative barriers in the CDM are suppressing the mitigation contribution renewables can make.



The CDM should be reformed to better enable renewables by:

- ***Building*** the capacity of developing countries to host CDM projects, especially those which have underperformed in terms of hosting CDM projects.
- ***Setting*** standardised quantitative baselines for carbon offsets/credits.
- ***Increasing*** investment security by providing long-term stable income streams from CDM instead of fluctuating CER prices. A Policy CDM can contribute to achieve this.
- ***Promoting*** the sharing of benefits among local communities, across borders, encouraging regional hosting.
- ***Streamlining*** administrative rules and procedures for renewables.
- ***Moving*** from 'rules of scale' to 'rules of sustainability' for all renewables.
- ***Better defining and incentivising*** "co-benefits", to optimise multiple benefits from renewable energy projects.
- ***Professionalising*** the governance and administration of the CDM to bring it into alignment with regulatory good practice and the legal norms of international institutions.

The AWG-KP text already contains some seeds of these ideas¹. These must be expanded on and better defined if renewables are to play a more significant role in the CDM.

3. Renewables leading the post-2012 regime

The post-2012 framework should be centred on renewables. The programmatic approach put forward for post-2012 has the potential to dramatically increase mitigation actions in a more strategic fashion; however, there remains the risk that implementation at the project level could be compromised if the existing revenue streams are simply re-routed to the programmatic level.

The emerging Nationally Appropriate Mitigation Actions (NAMAs) framework in particular shows great potential for renewables. The NAMAs framework looks set to remedy many of the CDM's shortcomings, taking a more strategic approach – encompassing multilateral, bilateral, and unilateral investment as well as carbon credit generation.

The Post-2012 regime should be focused to enable renewables by:

Ensuring the strategic development of renewable energy systems in developing countries must be a central focus of NAMAs. This includes scaling-up investment, policy support schemes, capacity building, and improved integration of renewables.

Promoting adaptive actions through the role of renewables must be stepped up in this area too. Renewable energy has much to offer in the domain of adaptation, especially in the sustainable

management of water. Applications are as diverse as the types of renewable energy. Renewables can help manage water (storage for security against flood and drought), reduce water consumption, lift/transport water, treat/clean water, heat water, and re-use water.

Clarifying the boundary and/or overlap between NAMAs, Sectoral Approaches, and the CDM must be more clearly defined. The success of these initiatives will depend on their clarity and distinctions.

The AWG-LCA text already contains some of these ideas², but these must be expanded on and better defined if renewables are to play a central role in the post-2012 regime.

4. Innovatively financing a renewable future

Carbon and other financing, whether public, private, or a combination, is pivotal to the scaling-up of renewable energy development. The mobilisation of private capital will require clear policy signals and credible policy frameworks.

To stimulate the scaling-up of renewables, the following recommendations focus on public and public-private financing which have their basis in innovative working examples from around the world. In particular, a Global Fund for Renewable Energy Investment is seen as an essential catalyst for accelerated renewable energy development.

Call for a Global Fund for Renewable Energy Investment

The Global Feed-In Tariff Fund outlined in the AWG-LCA text is supported as a good start, which as outlined would³:

“...be established to support a global feed-in tariff programme, providing guaranteed purchase prices, over and above the retail energy price in developing countries, of energy from renewable sources including wind, solar PV, concentrated solar power, geothermal power, hydropower and other sources, to the producers of such energy in developing countries for a period of 20 years. The Global Fund shall aim at both inducing a shift to renewable energy without compromising development momentum in developing countries, and achieving economies of scale and a sustained reduction in the costs of generating renewable energy.”

The aim of the Global Feed-In Tariff Programme should not be to establish a single global feed-in tariff but a programme which gives seed funding to developing countries to establish their own feed-in tariff schemes that would become self-financing.

In addition, the Global Feed-In Tariff Fund should be renamed, broadened, and redefined as a **Global Fund for Renewable Energy Investment**, to encompass the full spectrum of measures that are required to scale-up renewables. The Fund would harmonize

with or form part of NAMAs and support and incentivise renewables initiatives such as:

- Strategic development of the renewable energy systems of developing countries.
- Implementation of the Global Feed-In Tariff Programme.
- Establishment of Storage and Ancillary Service Markets.*
- Electrification of remote, unserved areas.

****Incentivising Storage and Ancillary Services***

To accommodate increased renewable energies in the power system, there needs to be an incentive for renewables that increase system security through storage, reserve power, back-up and qualitative services. Therefore, ancillary service markets are required to monetize storage, back-up and qualitative functions necessary for increased deployment of variable renewables. This will make power system development more strategic and will optimize the use of more flexible generation technologies such as storage hydropower and compressed air, usage of various forms of bio and solar energy, etc.

Funding for the ancillary market would require public or public-private finance for its establishment (e.g. a multilateral NAMA funded through the Global Fund for Renewable Energy Investment), but with the long-term objective of becoming self-financing once such services are fully recognized and monetized in the power market.



References

1. AWG-KP Documentation to Facilitate Negotiations Among Parties, FCCC/KP/AWG/2009/10/Add.3/Rev.3, Para. 23, p. 6; paras. 27-28, p. 7: <http://unfccc.int/resource/docs/2009/awg9/eng/10a03r02.pdf>
2. Report of the AWG-LCA on its Seventh Session, FCCC/AWGLCA/2009/14, para. 22, p. 85: <http://unfccc.int/resource/docs/2009/awglca7/eng/14.pdf>
3. Report of the AWG-LCA on its Seventh Session, FCCC/AWGLCA/2009/14, para. 17(g), p. 128 and Annex VI, p. 140: <http://unfccc.int/resource/docs/2009/awglca7/eng/14.pdf>

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