Thematic consultation on Energy

Post-2015 Development Agenda and the Energy Future We Want for All

'The Global Challenge of Resource Efficient Growth and Development'

Delhi Sustainable Development Summit

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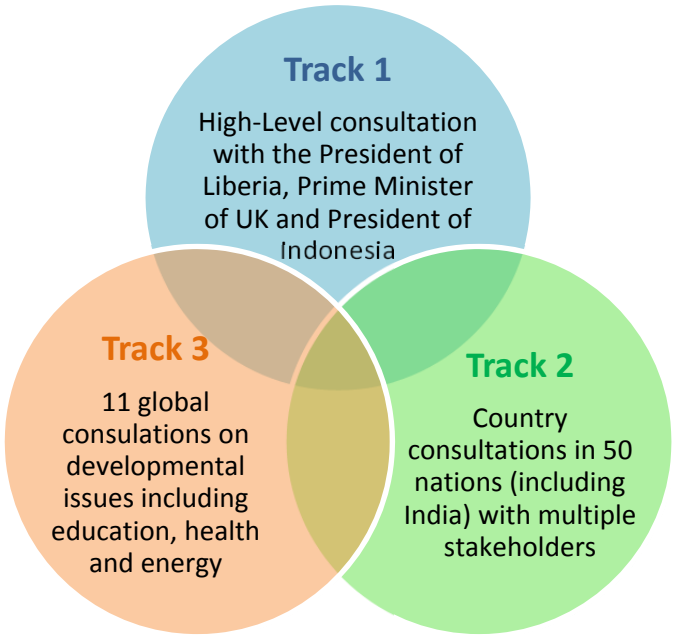
Thematic Consultation on Energy: Post-2015 Development Agenda and the Energy Future We Want for All

The post-2015 consultations provide an opportunity to make energy a global goal

The session was opened by Lise Grande, United Nations Resident Coordinator and UNDP Resident Representative, India who described it as part of a set of consultations that are taking place across the globe on the post-2015 development agenda. The reason for these discussions is that the deadline for reaching the Millennium Development Goals, the MDGs, is fast approaching.

Like India, countries around the world are intensifying their efforts during this final stretch to reach the MDGs. At the same time, consultations on what should replace the MDGs are beginning.

The first phase in the process of defining the post-2015 development agenda is comprehensive, some might even say complex. Under the leadership of the UN Secretary-General, the process involves three tracks: High-level panel; close to 100 country consultations; and 11 thematic consultations.



According to Ms. Grande, the consultation on sustainable energy is part of track three, one of the global thematic consultations. It is particularly important because however good the first set of MDGs were, several issues of absolute global importance such as energy and climate change were not included.

5 Framing Issues for the Consultation

- ✓ **Universal access to modern energy**
- ✓ **Contribution of energy access to economic growth with low environmental footprint**
- ✓ **Mobilization of resources for enabling energy access**
- ✓ **Making clean technology affordable to all**
- ✓ **Policies that ensure that private and public sectors work effectively together to find energy solutions**

The UN has recognized this gap and has taken the following steps to address this. The campaign for Sustainable Energy for All was launched by the UN Secretary-General which aimed at ensuring universal access to modern energy and increasing the share of renewables in the energy mix. Furthermore, the UN General Assembly recently declared 2014-2024 the 'Decade of Sustainable Energy for All'.

Underscoring this importance, the Secretary-General has also described energy as the golden thread that weaves together all three strands of sustainable development: economic growth, expanded social equity, and preservation of our climate and environment.

As the world discusses the post-2015 development agenda, **Ms. Grande, stressed the need to include energy in it, "The world can't miss the opportunity to make access to energy a global goal." "Modern, sustainable energy powers opportunity – for women, for the poor, for businesses and national economies. It is a fundamental catalyst for building a more equitable, sustainable world,"** she added.

Minoru Takada, Senior Policy Advisor on Energy, Executive Office of the Secretary-General, United Nations says the timing "now calls for the meaningful integration of energy issues in the post-2015 development agenda." In his remarks, Mr. Takada outlined two framing issues. One, that energy had always been an important topic with the recognition that "if there is no energy, there will be no MDGs". However, the second issue that Mr. Takada highlighted was that unlike climate change, there are no global conferences or conventions on energy. This gap, he attributed, to political complexities.

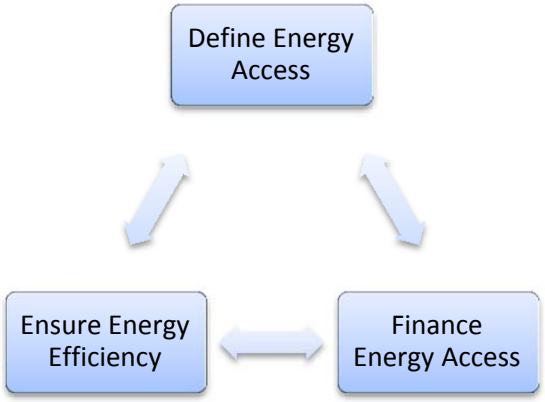
Mr. **Arvin Eikeland Gadgil, Deputy Minister for International Development, Norway** pointed out that while the Millennium Declaration was negotiated by all UN member states, the same was not done for MDGs, and hence, it was, in his view, an undemocratic process, made democratic by the acceptance of countries, many of which readily integrated these goals into national democratic processes. He **termed global consultations on the 2015 development agenda as "brave efforts to take a consultative approach to framing the development agenda in the years to come."** This is particularly important for countries facing energy challenges such as India where 400 million people are still without energy access. He acknowledged the important role played by the Planning Commission and noted that it was important that the fresh set of MDGs be framed through a consultative process, involving multiple stakeholders, including those who are generally unheard – the youth and the civil society. He reiterated the commitment of Norway to do the best for this consultative process which culminates in a meeting in Oslo on April 9.

Energy solutions must be relevant to the poorest of the poor

Asserting that issues relating to energy have been neglected for far too long, **Dr. R.K. Pachauri, called for a "dedicated research and development agenda to build innovative technology solutions relevant for the poorest of the poor."** Ensuring energy for all requires solutions, intellectual inputs aimed at meeting the needs of the poorest of the poor segments of society. This section of the society, according to Dr. Pachauri, has never been considered an attractive and viable opportunity. CK. Prahlad and his "bottom of the pyramid" approach was absolutely right in Dr. Pachauri's views. The size and scale of the market requires looking beyond immediate short-term profits. He said, "If we are serious about the 1.3 billion people without energy access or the nearly 3 billion using biomass, the time has come for a coalition of resources, goals and research and development activities involving communities that will come up with the solution." Dr. Pachauri cited the example of TERI's Lighting a Billion Lives campaign, which has impacted 400,000 households in India. Such an approach, he said, can reduce dependence on centralized sources of energy. He also mentioned the mental or psychological impact of technology and added that if one can take technology to the doorsteps of people, then this could trigger a mindset change,that people don't necessarily need to go to state capitals to seek redressal. This, in turn, in his view, could spur the next generation of innovation and create an environment conducive to finding solutions. He ended by calling for a concerted global action to develop a clear research and development agenda to come up with technological solutions that have been neglected for far too long to the detriment of people.

Political consensus around energy efficiency targets important to "energy for all"

Jyoti Shukla, Senior Manager, Sustainable Development, World Bank outlined three issues for discussion at the consultation.



One, understanding "access" to energy sources for those at the bottom of the pyramid, and the need to reflect on whether it is right to call a village electrified if only 10 percent of its households have access to electricity. "**Energy access, by definition, must include availability of energy for productive needs." she said.** Second, she highlighted the need to recognize that the goal of "energy for all" will require a lot of resources.. The World Bank estimates that the cost of ensuring energy access for all will be US$ 1,000 billion. This would imply significant private participation. In view of this, **Ms. Shukla called for the need to "reach out to support private sector innovations to enable energy access, and support the public sector in putting place policy."** Third, she pointed out how the issue of energy efficiency has often been overlooked and the urgent need for a a political consensus around reachable energy efficiency targets. The International Energy Agency (IEA) estimates that halving the energy intensity in Asia would make it possible to ensure energy access for all of its population. In Ms. Shukla's opinion, energy efficiency could accrue maximum benefits in efforts to achieve the energy agenda. Finally, the World Bank will continue to work with IEA to develop a methodology and databases to track energy indicators.

Dr. Kirit Parikh, Chairman of the Expert Group on Low Carbon Strategies for Inclusive Growth, agreed with Ms. Shukla's views on the importance of energy efficiency, which according to him "was the most important resource that people have". Further, he felt that complete energy access should mean that every household gets 1 kWh of energy per day to meet its consumptive needs, a certain extent of productive needs and some energy for activities related to comfort and entertainment. It should, in his view, also encompass availability of clean cooking fuel to households, which would further reduce indoor air pollution and remove drudgery. He said that gas was a promising solution, be it natural gas, biogas, liquefied petroleum gas or wood-based gas, and hence, Energy for All should also have as its sub-goals removing indoor air pollution, encouraging renewable energy, promoting energy from non-polluting sources and reducing carbon emissions.

Dr. Parikh pointed out three major challenges to energy access, which, if addressed, could help in ensuring Sustainable Energy for All by 2020:

- Technological challenges: Technological challenges pertaining to renewable energy are substantial, which make the resource scarce to meet the demand. Renewable energy also costs more and there are problems related to energy absorption in wind and solar power.

- Economic challenges: Even though the focus is on decentralized energy solutions, the cost of generation and distribution increases when energy generation is decentralized, and the end beneficiaries cannot bear the cost of energy access.

- Institutional challenges: Institutional models for energy access are severely limited for want of skills and managerial capacities to run the system.

Dr. Parikh suggested that countries like India must look for business models which rely on economies of replication, instead of economies of scale. He suggested that instead of having one large electricity generating system, it would be viable to have many small electricity generating systems under one management. The 'Golden Carrot Principle,' he said, may also yield benefits – where technologies such as biogas plants can be auctioned to firms, and significant incentives could be transferred to them if the plants work for a certain period of time, say, two years.

What can UN do?

- Set goals for governments to achieve
- Set aside a fund to provide resources for achievement of these goals
- Build skills and capacities of local personnel and enterprises
- Create opportunities for local personnel and enterprises to use these skills
- Get more conventional distribution companies to invest in rural energy distribution under universal service obligation

Renewables need to be cost competitive

Agreeing that energy is a primary prerequisite for achieving the MDGs, Mrs. Marie-Helene Aubert, Advisor to the French President of the Republic, in-charge of International Environmental and Climate Negotiations, French Embassy in India outlined three approaches to achieving sustainable energy for all. One, greater energy efficiency; two, increasing generation capacity of renewables; and three, increasing access of rural and semi-urban areas to electricity. Sharing the example of efforts to disseminate biogas-enabled cooking technology in Tamil Nadu, Mrs. Aubert emphasized the importance of changing behavioural patterns in ensuring technology adoption, and not just the technology itself. She said that changing habits must go hand-in-hand with technology innovation to ensure that energy reaches all. **"Managing this transition in favour of new technology adoption requires professionals from many different streams such as engineers, technical experts and social works," she added.**

Ms. Aubert also focused on the importance of resources and argued that the current situation meant traditional resources are not sufficient. The International Energy Agency has estimated that US$ 48 billion is required each year for universal access to energy to be a reality by 2030. For example, US$ 18 billion is required in Africa alone. This, in Ms. Aubert's view, calls for generation of more private, bilateral and multilateral funding. France, for example, has levied a tax on financial translation, with 10 percent allocated to activities that emphasize sustainable development. Similarly, nine member states of the EU are aiming to implement sustainable development plans. The French Government has spent 2.7 billion Euros since 2007 in the energy sector of developing countries. In the last five years, funds to the tune of 5.8 billion Euros have been pumped into the renewable energy sector by the Government.

Thus, financing is an important catalyst, essential for leveraging financing for local energy access in remote areas.

Further, renewables need to be more cost competitive. **According to Ms. Aubert, data reveals that an increase in investments in renewables is happening only in 20 countries. "International dialogue is needed to motivate investors, steady regulatory frameworks need to be developed and phasing out of fossil fuel subsidies is required to generate more interest in renewables,**" she added. For this, consultations must also proceed in geographical regions to include local specificities in designing a sustainable energy policy globally. An ideal policy should facilitate convergence of energy access and climate change globally, such that a global agenda encompasses multiple areas of biodiversity, climate change, energy access and elimination of poverty.

Energy as a global goal = doable, replicable and transformational

Discussion points:

- **Develop indicators that can balance competing needs** – the right indicators, monitoring tools and technology need to be in place for energy to become a global goal. However, as Ms. Shukla pointed out, "We should not let the details bring us down. It is doable, replicable and transformational".
- **Broaden definition of access** – Pradeep Monga from UNIDO pointed out that there are five levels of access, and most nations define energy access by its first level, which is the provision of energy to meet basic energy needs. This is inadequate. The definition of energy access, in his view, must include Level 2 of energy access, which states that in addition to cooking and lighting needs, energy access must also provide for basic social and economic protection.
- **Encourage public private partnerships** – Effective public private partnerships need to be showcased by 2015 so they can translate into real kWhs
- **Transfer of technology -** Technology is key and transfers and innovations need to happen. In Ghana, even though 70 percent of the population has access to energy, 80 percent of it is through charcoal and other traditional non-renewable sources. The technology which provides access to energy must also be taken into consideration while framing goals for energy access.
- **Importance of political will –** The role of political will was highlighted through the example of Malaysia, which by 1995, was 95 percent electrified through the grid. Electrification has now reached a 100 percent to also include remote areas. Political will played an important role.

- **Articulate energy goals -** According to Leena Srivastava, Executive Director, TERI, "Energy goals need to be simple and aspirational. The challenge is to meet all requirements." She called for "zero unmet energy demand by 2030". Nations could frame sub-goals according to local challenges, priorities and specificities. The sub-goals could include an encouraging pricing policy, energy conservation and focus on renewable energy.
- **Develop viable business models -** Mr. Rakesh Khanna of Development Alternatives felt that there was a fear of the unknown in the private sector to invest in rural energy, which withheld significant investments. Organizations must evolve viable business models that can be implemented in clusters, to pave way for greater investments in rural energy by private entities. Deepak Gupta, former Secretary, Ministry of New and Renewable Energy and Centre for Energy Access called for occupying a smaller niche of the bigger climate funds to secure necessary resources.
- **Enforce existing mechanisms better** - Mr. Dilip Gupta, solar entrepreneur, pointed out that the government must strongly enforce policy measures such as Renewable Energy Purchase Obligation and Renewable Energy Certificates among the private sector to achieve the goals of the Jawaharlal Nehru National Solar Mission.
- **Energy goals must address gender perspective and include people's participation** – Mr. Arvin Eikeland Gadgil, Deputy Minister for International Development, Norway also called for formulating an energy goal that addresses the specific needs of women. Highlighting further the role of local communities in framing long-term energy solutions, he said, **"public-private partnerships need to be extended to include people as successful off-grid energy solutions are not possible without people's participation."**
- **Create cooperation, not just competition** – According to Ms. Aubert, "We need to find a way to move towards cooperation to reach the last resource of fossil energy and also look horizontally, not just bottom-up or top-down."