

POWERING AMBITION AT COP 23

The Business Council for Sustainable Energy (BCSE) represents companies and trade associations in the energy efficiency, natural gas and renewable energy sectors. These industries are delivering technology solutions and low-carbon energy resources that enable countries to meet their Paris Agreement goals and power further ambition to address the challenges of climate change.

The 23rd Conference of the Parties (COP 23) of the United Nations Framework Convention on Climate Change (UNFCCC) hosted by the government of Fiji in Bonn, Germany, in November 2017, will work to establish the implementation guidelines for the Paris Agreement and open the *Talanoa Dialogue* to shape the focus of the *Facilitated Dialogue* in 2018 that will assess global progress toward the long-term goals of the Agreement.

The “Power” of Clean Energy

The BCSE participates in the UNFCCC process to tell the story of the rapid and sweeping transformation that is occurring in global energy sectors and to share information on the role that clean energy is playing to reduce emissions and adapt to climate change impacts. Telling this story also helps to show how the diverse set of clean energy solutions can be used to meet a country's nationally determined contribution (NDC) under the Paris Agreement and to support deeper ambition levels.

With falling clean energy technology prices and new sources of supply becoming available, powering increased ambition to address climate change can be done more cost-effectively.

Global investment in renewable energy and energy smart technologies topped \$59 billion in 2016, and \$507 billion over the past decade. As hundreds of billions of dollars are invested every year, the costs of deploying clean energy technologies are falling precipitously.

From 2011 to the end of 2016, the costs to produce solar photovoltaic modules have decreased by 58%, lithium-ion

battery pack prices have dropped 66%, and the price index for wind turbines is down 18%.¹

These market changes show that more ambitious greenhouse gas emission reductions can be made with fewer investment dollars. Our economies can be more energy productive, and energy access can be improved as clean energy is deployed more broadly.

Powering Greater Ambition to Meet Climate Challenges

Greater ambition is needed because the challenges remain significant. The International Energy Agency estimates that investment of \$1 trillion annually in low-carbon energy by 2030 is needed to avoid the potentially catastrophic effects of climate change.² The Paris Agreement provides a framework for action, and market trends show lower costs for many technologies. Yet a lot of work still needs to be done to move toward adequate levels of ambition.

Making the Business Case for Clean Energy and Climate Action

Companies are committed, in both the United States and abroad, to making smart, low-carbon investments in their

The falling costs of clean energy technologies makes it more affordable for countries to power ambition toward strong climate action.



A bird's eye view of the clean energy transition in the U.S. over the past 25 years:

- **92% of all new power capacity built is from renewable energy and natural gas**
- **58% gains in U.S. energy productivity**
- **25-year low in annual greenhouse gas emissions from the power sector in 2016**

supply chains and operations, and for their customers. Companies are choosing to source low-carbon and renewable energy, produce on-site energy through combined heat and power and distributed generation, and make operational and systems choices to better manage their energy consumption. The motivations are many: increased stability through portfolio diversification, improved energy productivity, protection against unpredictable and extreme weather events, reduced greenhouse gas intensity, better air quality, improved workforce productivity, and overall efficiency and cost savings.

Similarly, the BCSE believes that embracing a diverse portfolio of clean energy solutions will enable countries to reduce greenhouse gas emissions and meet their NDC goals, enhance climate resilience and create new climate-friendly and inclusive pathways of economic growth.

This portfolio includes carbon capture utilization and storage; supply-side and demand-side energy efficiency in buildings, utilities and transportation; energy storage; grid modernization; natural gas; and renewable energy resources (biomass, biogas, geothermal, hydropower, solar, waste-to-energy and wind).

The Paris Agreement: A Framework for Clean Energy Deployment

With the Paris Agreement and the 166 NDCs pledged by its signatories, a roadmap and vision for the clean energy transformation has been provided. It is important that the implementation guidelines or “rulebook” for the Paris

Agreement provide a clear and transparent framework to track the progress of all countries toward their respective climate mitigation and adaptation goals.

This framework can help to provide the private sector certainty with which to guide its investment decisions and to ensure that capital flows into low-carbon solutions. It will drive innovation of the next generation of clean energy technologies. It will create a blueprint for local and sub-national governments to invest in smarter, cleaner, more resilient technology choices and infrastructure in the building, electricity and transportation sectors.

The BCSE will work at COP 23 to ensure that the discussions and decisions on the implementation guidelines for the Paris Agreement, as well as NDC implementation:

- » Recognize that if we are to hold the increase in global average temperature to well below 2 °C above pre-industrial levels, **new, innovative approaches to working with the private sector to deliver sustainable solutions** will be required. There is great opportunity in partnering with the private sector to increase the ambition of NDCs and to build out practical investment and technology pathways for countries to meet their NDC targets. (Articles 2, 4)
- » **Expand the reach of market-based policies and carbon pricing** through NDCs and a Paris Agreement framework that encourages enhanced ambition, including sector-wide approaches; that establishes robust carbon accounting rules and measures and a transparent reporting framework to protect environmental integrity; and that prevents the double counting of emissions reductions. The early setting of operational rules for cross-border transfers and a new mitigation mechanism will accelerate private sector investment in low-carbon opportunities. (Article 6)
- » Demonstrate continued support for **international climate finance** by donor countries post-2020 and for climate-related finance mechanisms. The **Green Climate Fund (GCF)** is oriented in the right direction, and it must continue to work with the private sector to ensure that attractive financing tools and a more streamlined project process are implemented to leverage greater levels of private sector investment. (Article 9)
- » Agree to a new **Technology Framework** that builds on the existing Technology Mechanism and continues to



protect innovation systems. When the private sector makes investment decisions in a country, it assesses a potential market based on the existence of stable policies, sound governance and infrastructure, and effective legal frameworks that encourage competition and innovation and that protect intellectual property rights (IPRs). A robust Technology Framework will enable the deployment of existing clean energy solutions and the creation of next-generation low-carbon technology solutions. (Article 10)

- » Reaffirm the shared commitment to transparency and data integrity by all countries and ensure that the **measurement, reporting and verification (MRV)** system for emissions and mitigation actions utilizes the latest technologies and borrows from best practices already in place for corporate greenhouse gas emissions reporting and disclosure. (Article 13)
- » Recognize that **public-private partnerships**, such as *Sustainable Energy for All* and the *Energy Efficiency Accelerators* focused on buildings, district energy, lighting, appliances, vehicles and industry, are collaborative efforts that will drive action and help countries meet NDC goals.
- » Renew investment in the **Technical Examination Process (TEP)** through the Marrakesh Partnership for Global Climate Action, and work to include the views of the private sector in these important policy and technology implementation discussions.

Facilitating the Global Clean Energy Transition

The international community is preparing for 2018's *Facilitative Dialogue*, or what is essentially a global stock-taking of climate actions and pledges toward the Paris Agreement's long-term goals. Deeper, more ambitious emissions cuts will be needed in the next round of NDCs. The BCSE and its members know that these stronger targets are achievable because of the market trends we are witnessing today. Technology costs are falling, the advancement of the internet of things and data analytics is generating data and knowledge at an unprecedented pace, and innovative financing models are enabling an increased scale of investments. Countries are well positioned to deploy clean energy solutions that have been successfully implemented and are cost-effective and reliable.

The BCSE encourages the inclusion of the views of the private sector in the *Talanoa Dialogue* and urges all Parties to power greater ambition through the deployment of a broad range of clean energy technologies and resources.

Endnotes

1. Bloomberg New Energy Finance. Wind price is from 2011/H1 to 2017/H2.
2. International Energy Agency, *Energy Technology Perspectives 2012: How to Secure a Clean Energy Future* (Paris: 2012).



ABOUT THE BCSE

The Business Council for Sustainable Energy (BCSE) is a broad coalition of clean energy business sectors, including renewable energy, supply-side and demand-side energy efficiency, and natural gas and electric utilities in North America. The BCSE is an advocate for policies that increase the use of commercially available clean energy technologies and drive investment into a low-carbon, diversified energy portfolio. The BCSE is celebrating its 25th anniversary in 2017, and has represented the views of clean energy industries in the United Nations Framework Convention on Climate Change (UNFCCC) since 1992. For more information, please visit <http://www.bcse.org> to download the **Sustainable Energy in America Factbook** for the latest market data, and follow us on Twitter: @BCSECleanEnergy.