



B20 Energy Forum Statement

October 12, 2015

The B20 Energy Forum Statement was prepared by the B20 Energy Forum participants and participants to the G20-B20 interaction event during the G20 Energy Ministers meeting that took place on October 2nd, 2015 in Istanbul, Turkey, with inputs from the International Energy Agency, the Organization for Economic Cooperation and Development, the International Chamber of Commerce, and the 2015 B20 Infrastructure and Investment taskforce.

Energy is indispensable to a productive economy and to support G20 priorities for economic growth, and job creation. According to the International Energy Agency, global energy demand is projected to increase by more than one-third by 2040, across all types and forms of energy. The geographic distribution of energy demand will undergo significant changes: energy use in the mature economies will remain flat, while growth will be concentrated in the developing economies.

Meeting the future demand for reliable, affordable and sustainable energy will require timely investment in supply and demand infrastructure. Over the period to 2040, investment required each year in energy supply infrastructure will need to rise steadily to around \$2 trillion per year (in year-2013 dollars). In cumulative terms, this amounts to over \$51 trillion over the entire period.

Investment is needed to support rising demand in all sectors and to secure access to energy. G20 Leaders have committed to “ensure access to affordable and reliable energy for all” but the world is still far from achieving universal access to modern energy. At least 1.1 billion people live without access to electricity and at least 2.7 billion people – most of them in Sub-Saharan Africa and South Asia – rely on the traditional use of biomass for cooking. The G20 must now take this commitment forward by identifying and implementing actions that can enhance energy security globally, including a significant improvement in legal and regulatory frameworks in order to, among other things, attract sustainable private investment to these regions.

By 2040, the world’s energy mix will be split into four almost-equal parts: oil, gas, coal and low-carbon sources. Therefore, G20 leadership on energy policy should: (1) deliver long-term energy security while ensuring affordability and environmental sustainability; (2) provide a stable and predictable environment to encourage long-term investment; and (3) support the expansion of low-carbon energy and the more sustainable development of hydrocarbon resources.

G20 countries account for around 75% of global energy demand and greenhouse gas emissions. Therefore, it will be necessary to establish predictable international carbon pricing to enhance investor confidence in low carbon energy supply. In addition, concerted action on increasing energy efficient investment in renewable energy and clean technologies among G20 countries can accelerate the

energy transition and support global climate goals. It can also foster sustainable energy security and economic growth.

The G20's evolving energy agenda offers a unique opportunity for advancing global energy collaboration, for sharing experience and encouraging actions to deliver effective policies both among G20 members and beyond. The G20 Energy Sustainability Working Group needs to continuously ensure that its energy agenda and participation are inclusive and support the involvement of member countries, energy business, international energy institutions, and financial institutions alike.

Therefore, the G20 needs to consider the following:

1. The environment to encourage long-term investment in energy;
2. The global energy governance framework;
3. How to incentivize energy efficiency;
4. How to stimulate investment in sustainable energy and new technologies; and
5. Enhancing energy security and improving energy access for all.

B20 Energy Forum Proposals for the G20

Given the vast scale and long timeframes of the required energy investments, effective and predictable policy and legal frameworks will be critical to ensure that adequate and appropriate energy investment occurs now and over the coming decades. To enable these massive investment requirements, the participants of the B20 Energy Forum recommend the following to the G20.

Recommendation 1: Improve environment to encourage long-term investment in energy

The B20 Energy Forum recommends that the G20 demonstrate leadership in improving conditions for energy investment and trade to ensure long-run energy security, make energy more efficient and affordable, mitigate price volatility, and promote sustainable energy consumption. The G20 should:

- a. Implement recommendations of the 2015 B20 Infrastructure and Investment Taskforce in the energy space, so as to: (1) deliver a credible pipeline of productive, bankable, investment-ready energy infrastructure projects and streamlined approval processes; and (2) implement market-based policy frameworks that improve investment environment, including:
 - Removing barriers to investment in the energy sector;
 - Promoting and developing more public-private partnerships (PPPs);
 - Supporting and implementing various incentives structures, such as a social credits mechanism, to attract private capital for sustainable economic development;
 - Supporting cooperation towards a comparative analysis of investment risks in the pre- and post-investment phases for new supply energy projects.
- b. Champion the elimination of tariff and non-tariff barriers on energy and environmental goods and services. Such trade barrier elimination is a rapid way to reduce the cost of renewable, energy efficiency and other clean energy projects, and is entirely within the control of governments themselves. A major step in this regard is being undertaken by a group of World Trade Organization members, who seek to reach a plurilateral agreement this year to eliminate tariffs on environmentally friendly products. This initiative will follow a similar tariff-capping exercise in the

Asia Pacific Economic Cooperation forum. It should also be considered that major stakeholders in the Trans-Pacific Partnership (TPP), and the Transatlantic Trade and Investment Partnership (TTIP), are participants in plurilateral negotiations concerning environmental goods agreements.

- c. Rationalise and phase-out inefficient energy subsidies that distort markets and lead to inefficient use of energy resources.
- d. Improve and adapt market design in order to accommodate low-carbon technologies in the energy mix with the right price signals, including actions by governments to develop and implement carbon pricing mechanisms.

Recommendation 2: Improve global energy governance framework

The B20 Energy Forum recommends that the G20 demonstrate leadership in improving the global governance framework for energy as a necessary success factor for the preceding recommendations and associated policy objectives:

- a. Establish formal B20 representation to the G20 Energy Sustainability Working Group.
- b. Complete the International Energy Forum Joint Oil Data Initiative work on oil and gas and other energy sources information to improve energy market transparency and efficiency by encouraging the provision of timely, quality data by G20 members and strengthening the commitment to transparency by both business and governments.
- c. Make the G20 an accountable forum for encouraging global energy collaboration by supporting the modernisation and reform of current international energy institutions as necessary, prior to considering the creation of new ones.

Recommendation 3: Increase energy efficiency

The B20 Energy Forum recommends that the G20 demonstrate leadership in increasing uptake of energy efficiency. The G20 should:

- a. Increase efforts by the G20 Energy Sustainability Working Group to promote energy efficiency scale-up, sharing of leading practices, raising awareness of existing technologies, and expanding the availability of risk-sharing financing – including collaboration with relevant organizations on green bonds and risk-mitigating interventions by public financial institutions, including multilateral development banks, national development banks and (public) green investment banks.
- b. Establish among G20 members government efficiency guidance standards in the main energy-consuming sectors, and make energy-efficient infrastructure a priority. Commit to undertake an assessment of the structural reforms needed to address financing barriers and grow markets to improve energy productivity. This would enable the G20 Energy Efficiency Action Plan to be implemented in a way best suited to each G20 member.
- c. Facilitate dialogue and identify options to unlock finance for energy efficiency by making it an infrastructure investment priority, and work to agree on and implement the G20 Energy Efficiency Investment Principles, possibly as part of Infrastructure and Investment working group agenda starting in 2016 during the Chinese Presidency.

Recommendation 4: Stimulate investment in sustainable energy and new technologies

The B20 Energy Forum recommends that the G20 demonstrate leadership in de-risking and stimulating new energy technologies and business models that can reduce costs of energy production and consumption. The G20 should:

- a. Pursue policies and regulatory stability that promote investment protection and reduce barriers to the deployment of new and cleaner technologies and energy resources, such as solar, wind, sustainable biomass, unconventional hydrocarbons, high-efficiency low-emission power plants, and carbon capture and storage.
- b. Implement predictable international carbon pricing to enhance investor confidence in low carbon energy supply.
- c. Champion international collaboration on energy technology, including establishing financial facilities with public-private partnership for development and demonstration of new technologies, financially efficient and targeted support mechanisms to de-risk pre-commercial technologies such as for smart grids or cleaner energy solutions.
- d. Exchange leading practices among G20 members and business leaders on actions to encourage cleaner, more efficient energy technologies, for example, integration of variable renewables in the power markets, reduction of the use of least-efficient coal-fired power plants, and reduction of methane emissions in oil and gas production.

Recommendation 5: Enhance energy security and improve energy access for all

Considering the urgent need to take steps to tackle the global challenge to access energy resources and the G20's focus on inclusivity this year, B20 Energy Forum has prioritized ways to increase public and private investments in energy, thereby improving energy access, in developing economies and low-income developing countries. In particular, B20 Energy Forum:

- a. Welcomes the *Sustainable Energy for All* initiative, in cooperation with other relevant international organizations to prepare a G20 Energy Access Action Plan, and encourages these organizations to provide inputs to the G20 Energy Sustainability Working Group on a regular basis.
- b. Encourages G20 members to adopt measures to strengthen the energy policy and regulatory environment in developing economies, low-income developing countries, and G20 members. This includes a sound basis for regulatory rules related to tariff structures, licensing and concession granting, and other legal instruments – credible and competent regulatory authorities constitute a prerequisite to attracting energy investments.
- c. Recommends that the G20 demonstrate leadership in mobilising and coordinating the increase in investment in and expanding all types of clean energy resources.
- d. Recognises that a balance is required between reliable baseload generation and other sources to provide affordable and reliable energy to support the industry and large urban areas, together with off-grid measures for rural areas utilizing multiple forms of renewable energy, such as rechargeable batteries and other cutting-edge technologies.

Annex

Speakers at the B20 energy events on October 2, 2015:

Adolph DuBose, Head of North America Africa 2.0, Founder of Harvard Capital Ventures

Anna Louise Henrichsen, Public Affairs Manager, Danfoss

Bud Fackrell, President, BP Turkey

Carlos Gasco, Senior Advisor, International Corporate Affairs, Iberdrola

Hakan Turker, Vice President, BP Turkey

Howard Chase, VP of European Government Affairs, Dow Chemical

Jeffrey P. Hardy, Director, ICC

Justin Perrettson, Senior Advisor, Public Affairs, Novozymes

Mamadou Touré, Founder and Chairman, Africa 2.0 & CEO, Ubuntu Capital

Michael Bell, President and CEO, Silver Spring Networks

Mick Buffier, Group Executive, Coal Assets at Glencore, Chairman of the World Coal Association

Nahed Taher, Founder and Co-CEO, Gulf One Investment Bank

Paolo Frankl, Head of Renewable Energy, IEA

Peder Holk Nielsen, CEO, Novozymes

Sarp Kalkan, B20 Sherpa for Turkey

Sinan Ak, CEO, Zorlu Energy

Timothy Richards, Managing Director for Government Affairs and Policy, GE

Yaser Fattah, Director, NATPET