

Report on the Bonn International Conference on Renewable Energy, 1st-4th June, Germany

UK Business Council for Sustainable Energy

Background

This conference arose in the aftermath of the Johannesburg World Summit on Sustainable Development (WSSD), August 2002, which was generally seen to 'fail' to reach agreement on a new agenda for renewable energy. One response was the formation of a leadership group of governments, including UK, EU and a wide range of developing countries, known as the Johannesburg Renewable Energy Coalition (JREC) aiming to take forward national and regional action, including targets, for renewable energy. Additionally the German government offered to host an international conference to strengthen the international agenda: this evolved into the Bonn International Conference on Renewable Energies.

Summary of the Conference

The main political output was a final agreement on a 2-side 'Political Declaration' by Ministers, and the establishment of a process for next steps. The statement is a declaration of common intent rather than binding commitments to targets or other specific measures, however it reflects the complex politics involved in reaching international consensus on energy, and as such was successful in inching the debate out of the rut it has occupied for the last 2 years.

The Political Declaration reiterates the WSSD commitment to '*substantially increase with a sense of urgency the global share of renewable energy in the total energy supply*'. In the paragraph, dealing with policies, there was international agreement on the need for coherent regulatory and policy frameworks to support market development, including removing barriers, the concept of internalising external costs for all energy sources, and allowing fair competition. The importance of International Finance Institutions is also made explicit, including the need for those institutions, such as the World Bank, to 'significantly expand' their investments in renewable energy and energy efficiency, with clear objectives in their portfolios.

Next steps: the follow on process will be coordinated by UK, Germany and Denmark amongst others, with the first meeting on fleshing this out, likely in the autumn. In the Declaration a 'global policy network' is envisaged as one way the agenda can be taken forward prior to it reappearing as a priority on the UN agenda in 2006.

In addition to the formal short 'Political Declaration' there were two other main conference outputs:

- A 19 page 'Policy Recommendations for Renewable Energies' document – as the title suggests summarising key policy issues and recommendations for participating governments and other actors to consider;
- A 200+ page 'International Action Programme' comprised of a wide range of initiatives formally submitted both by governments, private sector and NGOs.

Among over 160 programmes and commitments, many were not new, however the one that captured most interest was **China**, which is developing a Renewable Energy Act, and a strategy to meet renewable energy targets of around 10% of China's installed power generation from renewables – 60GW – by 2010 (small scale hydro, wind and biomass). A further doubling of to 121 GW of installed renewables is envisaged by 2020. The Chinese government estimates around **Euro 49 billion** of investment will be required. China is thus positioned to take a leading market position in renewable energy.

Other highlights worth noting from the Action Programme include:

Government

- **Germany** - Adopted a new target to supply 20% of electricity from renewable energy by 2020 (following on from its existing target of 12.5% by 2010).
- **France** - Call for tenders for renewable energy plant – to meet existing EU targets - by the French government and regulator. This is for 1000MW onshore, and 500MW offshore wind, and 250MW of biogas and biomass. Successful candidates to be decided by end of 2004/beginning of 2005. New laws are also being discussed.
- **Spain** - The new government reiterated its intention to meet its greenhouse gas reduction targets, under the EU 'bubble' and the Kyoto Protocol, emphasising the ongoing role for renewable energy and energy efficiency.
- **EU** - By October 2005 a review of EU renewable energy policy will get underway with a view, in 2007, to setting a target for the period after 2010.
- **Egypt** - Adoption of a target to meet 14% of electricity demand with renewable energy by 2020 – envisaging 2600MW of wind, and 750 MW of solar thermal plant; also expect to export Renewable Energy to increase foreign exchange earnings.
- **Philippines** - Double renewable capacity by 2013 to 4700 MW, strong focus on geothermal, but also wind energy, and solar manufacturing (including for export to other ASEAN countries). 'Special tax privileges' mentioned, and the intention to introduce market-based incentives.
- **Turkey** - The World Bank is supplying a US\$ 200 million loan to the Industrial Development Bank of Turkey and Turkish Development Bank for private enterprises engaged in investments for renewable electricity [not new, but credit mechanisms effective 2004].

Financial Institutions

- **European Investment Bank** - Committed to increase renewable energy lending by up to 50% of its total lending for electricity generation in the EU by 2010, amounting to around Euro 700 million a year for RE generation by 2010, on current trends. Also submitted other segments of work into the Action Programme including its Emission Trading Scheme-related Climate Change Financing Facility;
- **European Bank for Reconstruction and Development (EBRD)** - Launched a Renewable Energy Financing Entity (REFE) to undertake equity investments in renewable energy projects (with investment input of Euro 5million per project). EBRD seeks to raise an initial Euro 30-50 million, as well as seeking separate technical assistance funding. Submissions on this proposed fund are sought (<http://www.ebrd.com/>);
- **World Bank** - Announced it would double its existing lending to renewables and energy efficiency over the next five years, committing to an average growth of 20% in its financial commitments per year;
- **EC-led 'Global Renewable Energy Fund of Funds' (GREFF)** - Aims to fill the equity funding gap for renewable energy projects in developing countries, by providing 'patient capital' – a blend of public and private investment requirements. A consortium led by Impax in London is currently developing it.
- **Central European Renewable Energy Fund** - Submitted by Environmental Investment Partners, Poland, to establish a Euro 50 million mezzanine fund for renewable energy projects in the Central Europe accession countries, E15 million already committed from private investors.

In addition there were very many business and organisational stands, over 3000 participants and 154 governments represented.

UK BCSE Activities

David Green, Chief Executive UK BCSE, was a business representative on the official UK delegation.

- Input into the formal Multi-Stakeholder Dialogue between governments and sectoral interests on Day 1, based upon work with the finance sector through the Renewable Energy and Energy Efficiency Partnership (REEEP);
- UK BCSE (Renewable Connections) - Foreign Office reception in the former UK Embassy on the Rhine;
- Launch of the 'ISRE' principles – Investment Security for Renewable Energy - at a lunchtime event and reception organised by the European Business Council for Sustainable Energy – speakers included the head of United Nations Environment Programme, the Danish Environment Minister, Senior representatives of Munich Re and Deutsche Telekom and David Green, Chief Executive of UK BCSE;
- John Roberts, Chair of Board of UK BCSE, was a lead speaker at a REEEP event opened by Energy Minister, Stephen Timms.
- UK BCSE hosted and coordinated a meeting between Stephen Timms and UK businesses attending the Bonn conference.

Further information

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www.renewables.de – official documents and political declaration

www.iisd.ca –reporting of the conference by the Earth Negotiations Bulletin

www.bcse.org.uk - a short report on the original WSSD meeting, August 2002.