

BIAC COMMITTEE UPDATE

ENERGY COMMITTEE

January – December 2011

ABOUT BIAC

The Business and Industry Advisory Committee to the OECD (BIAC) was constituted in March 1962 as an independent organisation officially recognised by the OECD as being representative of business and industry.

In the framework of its consultative status with the OECD, BIAC's role is to keep the OECD informed of the private sector's response to different policy options. BIAC offers business and industry an excellent opportunity to participate in inter-governmental discussions on policy issues, thus giving the business community a chance to shape the development of long-term policies in OECD countries.

Energy is the motor of social and economic development for an ever-increasing world population, and an essential ingredient of sustainable growth. Social and economic development can be attained only if a secure, reliable and sustainable supply of energy is ensured.

The main objectives of the BIAC Energy Committee are to ensure that the energy dimension is adequately reflected in OECD activities and to contribute a multi-sectoral

business view to selected activities of the International Energy Agency (IEA) and the OECD's Nuclear Energy Agency (NEA).

This report provides an update on the main events and activities of the BIAC Energy Committee in 2011.

COMMITTEE LEADERSHIP

CHAIR:

Mr. Holger Gassner, RWE Innogy (Germany)

VICE CHAIRS:

Mr. Petr Stulc, ČEZ, a.s. (Czech Republic)

Mr. Henry Wang, SABIC (UK)

BIAC SECRETARIAT

For further information, please contact:

- Hanni Rosenbaum, Senior Policy Manager
rosenbaum@biac.org
- Jonny Greenhill, Policy Consultant
greenhill@biac.org
- Nathalie Mazier, Assistant
mazier@biac.org

Phone: +33 1 42 30 09 60

Visit our website www.biac.org

COMMITTEE ACTIVITIES

IEA Ministers discuss how to ensure secure sustainable energy future

Ministers and delegates from 37 countries, representing more than 75% of the world's energy consumption, and 35 Chief Executives from IEA's Energy Business Council participated in the annual IEA Ministerial meeting, which took place on 18-19 October in Paris. The theme was "Our Energy Future: Secure, Sustainable, Together." Discussions focused on IEA's work on energy security, economic and environmental sustainability and engagement with non-member countries.

Ministers agreed to work together to develop more diverse, robust energy systems and better avoid crises that threaten energy supplies. In addition, they stressed that while the private sector will provide the bulk of investment needed over coming decades for a cleaner and more efficient energy future, governments are responsible for creating the framework conditions to enable it to do so. Ministers expressed their resolve to promote measures to support RD&D and policies to accelerate the deployment of safe, renewable and other low-carbon energy technologies including through multilateral technology initiatives. They also underlined the need for stronger co-operation with member and partner countries, the private sector and international bodies.

IEA Energy Business Council

The IEA Energy Business Council (EBC) was first convened in March 2009 to assess the impact of the financial crisis on energy markets and to share views on climate change and other pressing energy issues. Being an executive-level group, its members include leaders from a wide variety of

companies involved in energy exploration, production and consumption, ranging from commodity companies to automobile manufacturers, wind and solar energy producers and industry associations. Several BIAC members participate as experts in the EBC. BIAC's formal representative is Professor Vahrenholt, CEO of RWE Innogy, Germany.

Green Growth Strategy finalized

On the occasion of the May 2011 Ministerial Council Meeting, the OECD issued its final recommendations on the Green Growth Strategy, which was launched by OECD Ministers in 2009. In light of the importance of energy in the green growth debate, members of the BIAC Energy Committee provided active input, in addition to experts from a range of different BIAC policy groups.

The following four reports were published on the occasion of the Ministerial Council Meeting in May:

- [Towards Green Growth](#)
- [Tools for Delivering on Green Growth](#)
- [Towards Green Growth: Monitoring Progress- OECD Indicators](#)
- [Towards Green Growth: A summary for policy makers](#)

BIAC had actively contributed to the Green Growth Strategy since its launch. To access the BIAC background paper for the OECD Green Growth Workshop in February as well as the comments submitted on the final report, please [CLICK HERE](#).

Recognizing the importance of energy supply and demand challenges in the context of green growth, the OECD and IEA issued a joint report on energy and green growth, which was published in December 2011. In the light of rising global demand for energy

and the transformations that are required to deliver sustainable and reliable energy for all, the report highlights the challenges facing energy producers and users, and how they can be addressed in the context of green growth policies. It is one of the specific follow-up reports, which has been developed in the framework of the OECD Green Growth Strategy. To access the report, click here:

[Green Growth Studies: Energy](#)

Green Economy Dialogue Conference discusses energy challenges

BIAC welcomed over 90 representatives to an International Business Green Economies Dialogue conference at the OECD Headquarters. Organized as the second part of a business-led series of discussions in North America, Europe, Asia and South America, in the run up to the Rio+20 Earth Summit in June 2012, the conference brought together key experts from government, business, academia, international organizations and other stakeholders to provide pro-active input to the Rio+20 policy process.

The Paris conference drew on the work on green growth carried out by the OECD and actively engaged representatives from different parts of the Organization in the discussions. It explored effective ways to address the challenges of greening the economy while promoting economic growth, reducing poverty and meeting growing demand for resources.

Specific sessions focused on green growth for development and job creation; policy instruments; agriculture; energy; and resource efficiency. Sessions were introduced by presentations of key academics, followed by reactions from experts from business, national governments and international organizations as well as an

interactive discussion with all participants around the table.

Recognizing the importance of energy, one session specifically focused on energy challenges in the green economy context. Among others, participants underlined the importance of credible and sustained policies for the necessary investments to come forward; the importance of addressing energy, food, land use and water challenges in an integrated manner; the need to have policies in place that foster energy efficiency as well as technology innovation, bearing in mind that sustained support in the current economic climate may be difficult.

Work on subsidies high on OECD and IEA agendas

At the G20 Pittsburgh Summit in September 2009, member states highlighted the importance of addressing fossil fuel subsidies and called on OECD and IEA to carry out research into their scope and impacts.

As a result, OECD, IEA, OPEC and World Bank prepared a joint report on fossil fuel and other energy subsidies for the G20 Meeting of Finance Ministers and Central Bank Governors in October 2011 as well as for the G20 Summit in November. The “Update of the G20 Pittsburgh and Toronto Commitments” reports on the progress made in implementing these commitments. For an overview of the outcome of the analysis, please click [here](#).

In October 2011, OECD presented the first ever Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels. The [Inventory](#) covers 24 countries and contains detailed information of over 250 mechanisms that support fossil fuel production and use in OECD countries. The Inventory will be updated regularly and

expanded over time to cover more countries and more support mechanisms.

The IEA World Energy Outlook 2011, published in November 2011, underlined that phasing out fossil fuel subsidies can have substantial economic, environmental and energy security benefits.

IEA Energy Technology Roadmaps

At their meeting in June 2008, Ministers from G8 countries recognized the pressing need to accelerate the development of low-carbon energy technologies to address the global challenges of energy security, climate change and economic growth. To achieve this goal, the IEA is developing a series of global low-carbon energy technology roadmaps covering several of the most important technologies. The overall aim is to advance global development and uptake of key technologies to reach a 50% reduction in energy-related CO₂ emissions by 2050. The roadmaps identify priority actions for governments, industry, financial partners and civil society that will advance technology development and uptake to achieve international climate change goals. The following roadmaps are now available:

- Carbon capture and storage
- Cement
- Concentrating solar power
- Solar photovoltaic power
- Geothermal
- Efficient industry processes
- Electric and plug-in hybrid vehicles
- Energy efficient buildings (heating & cooling systems)
- Nuclear power
- Smart grids
- Wind energy
- Biofuels

Further to BIAC participation in expert workshops related to several of these

roadmaps, BIAC members also provided written comments on a draft version of the smart grids roadmap prior to its finalization.

The first series of IEA roadmaps are international in scope. The IEA is now working closely with countries to support their national roadmap efforts, such as wind energy in China. The IEA has also begun work on other roadmaps for other low-carbon energy technologies, including bioenergy and high-efficiency low emissions coal technology.

For further information, please [click here](#).

Energy efficiency

In view of the importance of energy efficiency, to address both environmental and energy security challenges, the BIAC Energy Committee decided to update its paper on energy efficiency. The BIAC paper on energy efficiency identifies the following key messages:

- The definition and scope of energy efficiency should include producers' and consumers' actions, as well as technological and non-technological changes.
- Open markets are the foundation for a well-functioning market conducive to energy efficiency.
- International and regional co-operation is crucial.
- Policies on energy efficiency should support efforts in all business sectors and focus on areas where improvements can be achieved in a cost-effective manner.
- A "one-size-fits-all" model in energy efficiency is not desirable.
- Quantitative targets should be considered with great care.

[CLICK HERE](#) to access the BIAC paper.

Energy and nanotechnology

Nanotechnology is likely to offer a wide range of benefits in different sectors and will be important for addressing a range of global challenges. The OECD Working Party on Nanotechnology advises policy-makers on emerging policy issues of science, technology and innovation related to the responsible development of nanotechnology.

One specific project in which BIAC is actively involved relates to “nanotechnology for sustainable energy options”. The content of this project has recently been readjusted to better fit under the overall theme of green growth. The report will include information on country policies relating to energy globally and to nanotechnology for sustainable energy more specifically.

MENA-OECD Energy Task Force

The MENA-OECD Energy Task Force, composed of representatives from OECD-based and MENA-based companies, provides input to the OECD-MENA Investment Program and is managed by the OECD Secretariat. BIAC participated in meetings on 1 April and 23 September, the latter of which focused on a report being prepared by the OECD Secretariat on “Optimising investment incentives in renewable energy in the MENA region.”

The preliminary draft of the OECD paper was presented at the 5th Euro-Mediterranean Energy Forum on 24 October in Barcelona, while a final version is due to be released in the coming weeks. This Forum was also an opportunity to strengthen the links of the MENA-OECD Energy Task Force with key energy institutions in the Mediterranean region including Desertec, the Mediterranean Observatory of Energy (OME) and the Union for the Mediterranean. BIAC shall share relevant BIAC Energy Committee papers with

the Task Force in future, in order to keep it informed of the broader OECD business community’s views.

NEA work on post-Fukushima

On 7-8 June, the OECD Nuclear Energy Agency (NEA) organized a ministerial seminar on the Fukushima nuclear accident and nuclear safety. Following this meeting, the IAEA Ministerial meeting on 20-24 June set out the basis of an action plan on global safety standards, stronger peer review and better accident management.

At the BIAC Energy Committee meeting in November, NEA made a presentation on the reactions and longer-term consequences of the Fukushima accident. It is estimated that in the medium term, the accident will slow the development of nuclear power as public opinion has been strongly affected. In the long term, however, several factors may well support nuclear power, including for example rapidly rising electricity demand and the fact that several countries have currently maintained their objective of deployment of nuclear reactors, such as China and India.

The NEA is committed to support Japan following the nuclear accident. It has also collected information on activities undertaken nationally and internationally following the Fukushima Daiichi nuclear accident: [CLICK HERE](#).

PUBLICATIONS

World Energy Outlook 2011

WEO-2011 gives detailed energy demand and supply projections out to 2035, broken down by region, fuel, sector and scenario. This year it also gives a special focus to topical energy sector issues, including:

- Golden Age of Gas
- Investment and financing options to achieve modern energy access for all
- Climate change –"lock-in" and the "room to manoeuvre" to meet the 2°C goal
- Russian energy prospects and their implications for global markets
- Reforms to fossil fuel subsidies and
- The role of coal in driving economic growth in an emissions-constrained world

Harnessing Variable Renewables

The publication sheds light on managing power systems with large shares of variable renewables. It presents a new, step-by-step approach developed by the IEA to assess the flexibility of power systems, which identifies the already present resources that could help meet the twin challenges of variability and uncertainty.

Climate and Electricity Annual 2011

The IEA *Climate and Electricity Annual 2011* provides an authoritative resource on progress to date in this area, with statistics related to CO₂ and the electricity sector across ten regions of the world. It also presents topical analyses on meeting the challenge of rapidly curbing CO₂ emissions from electricity, from both a policy and technology perspective.

Deploying Renewables - Best and Future Policy Practice

This book provides guidance for policy makers and other stakeholders to avoid past mistakes, overcome new challenges and reap the benefits of deploying renewables – today and tomorrow.

CO₂ Emissions from Fuel Combustion 2011

In recognition of fundamental changes in the way governments approach energy-related environmental issues, the IEA has prepared this publication on CO₂ emissions from fuel combustion. This annual publication was first published in 1997 and has become an essential tool for analysts and policy makers in many international fora such as the Conference of the Parties.

The data in this book are designed to assist in understanding the evolution of the emissions of CO₂ from 1971 to 2009 for more than 140 countries and regions by sector and by fuel. Emissions were calculated using IEA energy databases and the default methods and emission factors from the Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories.

IEA Scoreboard 2011 – Implementing Energy Efficiency Policy

The publication combines analysis of energy efficiency policy implementation and recent indicator development. The resulting IEA SCOREBOARD 2011 provides a fuller picture of the progress as well as the challenges with implementing energy efficiency policy in IEA member countries.