

IEA-RETD “Action Now!” Roundtable Discussion

Renewable energy deployment under the current economic situation: Realistic actions for the short run

10 November 2011, Radisson Blu Hotel, Berlin

Conclusions

There is growing consensus that it is critical to transform the energy system within the next few decades, and that the sooner this transition begins the less costly it will be. Renewable energy has shown enormous growth in the past decade. But the economic crisis has the risk of stagnating the required pace of change. The issue is not that there would be a shortage of finance to drive this change, but rather that financiers observe a shortage of a stable and predictable policy context. At the same time the vested interests in conventional energy supply chains are actively lobbying to protect the status quo, and hence contribute to creating uncertainty about the potential role of renewables. How to counteract in an effective way?

The International Energy Agency Implementing Agreement for Renewable Energy Technology Deployment (IEA-RETD) aims to accelerate the deployment of renewable energy, and hence addressed these topics, ‘**attracting finance**’, ‘**sending clear messages**’, and ‘**getting the RE cost perception right**’, at the IEA-RETD “Action Now!” Roundtable Discussion in Berlin on 10 November 2011. The objective was to identify a number of viable actions that are needed in the short term. These actions will be explored in IEA-RETD’s work programme in 2012. Participants were RETD-ExCo members, representatives from IEA, RE associations and research institutes.

The IEA-RETD will publish its READY publication in 2012: Renewable Energy Action on Deployment. This publication will have as its guiding principle that an accelerated deployment of renewable energy can be achieved by minimising the risk to all potential investors, and by recognising and maximising the potential benefits of renewable energy by increasing the stakeholder acceptance and support for renewable energy, e.g. by removing erroneous perceptions on the costs and benefits of RE, or by stakeholder participation. These principles can be translated into the following key actions, which were also referred to in the work sessions of this roundtable:

- Apply and further develop proven policy instruments
- Level the playing field
- Set ambitious targets at all levels of government
- Integrate renewable energy (and energy efficiency) into institutional, economic and social decision making processes, in order to remove the institutional/sectoral inertia that prohibit the creation of an integrated, cross-sectoral renewable energy system
- Build alliances to lead the paradigm change
- Develop capacities and educate about renewable energy on all levels (albeit an action which will only be effective on the longer term, and not the main remit of RETD)

Session 1: What are the key ‘crisis-proof’ financial incentives?

- Over the past two decades, governments have learned about effective renewable energy finance mechanisms, which has helped achieve the current levels of RE deployment. There is no need to abandon these proven mechanisms. So it is important to **avoid drastic changes to policies**, but rather to combine support mechanisms with new financial risk-mitigating products, possibly under management of national infrastructure banks.
- The RE-FINANCE study performed for IEA-RETD suggests **to make renewable energy an integral part of decision making processes**: An economic and infrastructure

systems-approach has made it possible for economies to scale up major technological transitions throughout history and it is also the way that RE must evolve to achieve scale and technological dominance.

- **De-leveraging of investment, up to full equity financing** would lower the return rates but cater for more stability: The required funding for a fast deployment of renewables need to get mobilised from sovereign wealth funds, individuals or pension funds. So far the leveraging of RE investments with debt capital leads potentially to higher returns on equity but also to higher risks. In addition banks are repeatedly not able to provide financing for RE due to the financial crisis affecting their balance sheets and operations (although this may differ from region to region). In general, pension funds can play an important role as they are interested in long-term, stable returns.
- **“Crowd funding”** can be of growing importance for financing renewable energy projects and technologies. This approach is already successful in non-energy funding, where a large group of individuals bring in rather small amounts to finance projects.
- In general, an increased role of governments is needed. Governments giving **loans instead of just loan guarantees** may be another way to get sufficient funding, and reduce the cost of capital.

Short term actions for governments:

- Change pension fund rules to allow for higher investments in non-listed companies.
- Support crowd funding by facilitating the infrastructure and legal framework.
- Support the establishment banks that pursue strong sustainable objectives, e.g. Green Investment Banks. Consider linking GDP to investments in renewable energy and energy efficiency, such as the South Korea Green Deal, or initiatives as the GGGF Global Green Growth Forum.
- Develop “Triple A policies”: New policies need take into considerations lessons learned from international experience and studies. To that end the key design principles for RPS/FIT/FIP/...-support schemes may be developed.

Session 2/3: How to counter the dominant energy sectors’ increased “sales promotion” of conventional energy? And what are the key clear and positive messages on action needed?

- In many energy-related discussions it seems that **facts don’t count**, renewables are still seen as a costly option which may only be viable in the future. Nevertheless, the renewable community has to accept that **“perceptions are reality”** and thus fight against common misperceptions. Even among energy stakeholders misperceptions exist about the cost of conversion technologies (e.g. perceived levelised cost of electricity of wind/coal: 120/30 US\$/MWh, vs. in reality: 65/68 US\$/MWh).
- Aggressive campaigns or misleading messages (“clean coal”) from the conventional energy sector need to be countered with equally **professional marketing tools**. Depending on the topic this can mean emotional messages (framing it around the world we want to live in), success stories, pure facts, catchy assertions (“PV soon cheapest energy source”) or provocative statements. Technical details can dilute from the main message, but ‘state-propaganda’ should be avoided.
- The RE community should **confront the statements used by fossil/nuclear interest groups**. It can learn from the approach and self-confidence from these incumbent sectors. Is it addressing the right people, and using the right language? Although the target group for RE campaigns is the decision makers (including voters/consumers) that are rather neutral on

energy matters, this direct exchange of arguments will help to sharpen the messages and build and test convincing and positive messages.

- In any event, all messages need to be substantiated with **proven facts and figures**. The RE sector must always have the better arguments on their side. Promoting Energy Efficiency and Renewable as “as a package deal” may be one of the central messages to convey to the public; another one is the positive impact on a “green GDP” (although the green part of the GDP and its indicators require further definition).
- To convince the public, a **continuous effort** is required, starting with education at schools. Focus on the issue of providing (secure and sustainable) energy services, not on the supply technologies as this will be less relevant to most consumers. There is still a challenge to convey the message convincingly that despite being cheaper (from a social cost perspective), renewables still need support. Regional or national circumstances need to be considered in communication strategies. Alliances with industry can help to give a stronger message, and to target ministries of finance.
- Experts and organisations like IEA-RETD have the responsibility to make a **clear statement in favour of renewables** and inform the public. Wind and solar energy are available today, they are not only a potential option in the future. The energy system can cope with these technologies and transmission system operators (TSOs) could be more outspoken on that. Non-economic factors (like administrative hurdles or public opinion) keep on being important barriers for RE deployment. This is why renewables still need support.

Short term actions for governments:

- Make disturbances in playing fields transparent (and then remove them).
- Continue to build the evidence for the renewable case, even if this needs a fair amount of resources.
- PR campaigns: Build alliances to convey consistent messages, to support marketing/lobbying efforts and to find solutions. These alliances should include industry, ENGOs, consumers and possibly TSOs (at least the ones that support cross-sectoral approaches). Partnering up with advertisement firms can further help to professionalise the messages.
- Repeat successful approaches (national, regional, local ones, examples from NGOs and industry).

Next steps for IEA-RETD:

IEA-RETD will further develop the following points:

- Finalise the publication “READY 2012 – Renewable Energy Action on Deployment” which will include some of the most important messages of this roundtable.
- Use in events to further discuss the messages, e.g.:
 - IRENA assembly Dec 1, 2011 (with 150 countries), expected publication date (2/12), REWP in Paris (end of March) and RIAB
 - New RETD ExCo Meeting in spring 2012
 - Possible workshop with IRENA in spring 2012
 - Rio +20 in June 2012
 - Event in fall 2012 in Japan (or other country), on important short term actions
 - Possibly at the World Energy Council in Daegu, South Korea in 2013
- Partner with big energy consumers, manufacturing industries that are committed to renewable energy.
- Analyse – potentially together with marketing experts – which kind of messages have the strongest impact on the various target groups.

IEA-RETD Roundtable Discussion “*Action Now! Renewable energy deployment under the current economic situation: Realistic actions for the short run*”

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Programme

Wednesday, 9 November 2011	
Welcome dinner Brasserie Gendarmenmarkt, Berlin	
19:30 – 22:30	
Dinner speech by Hans-Jørgen Koch, Chairman of the IEA-RETD Implementing Agreement	
Thursday, 10 November 2011	
Roundtable Discussion <i>Action Now!</i>	
Radisson Blu Hotel, Berlin	
9:30 – 15:00	
9:30	Registration
10:00	Opening by <i>Hans-Jørgen Koch</i> , Chairman of the IEA-RETD Implementing Agreement
10:05	Key messages in the IEA-RETD READY-publication: Renewable Energy Action on Deployment by <i>Janet Sawin</i> (co-editor)
Introduction, interventions and discussion on Action Now! Elements (45 min. per theme)	
10:15	What are the key ‘crisis-proof’ financial incentives? Introduction and Moderation: <i>Matthew Kennedy, SEIA</i> Intervention: <i>Kees van der Leun, Ecofys</i> Discussion
11:00	How to counter the dominant energy sectors’ increased “sales promotion” of conventional energy? Introduction and Moderation: <i>Bernhard Milow, DLR</i> Intervention: <i>Steve Sawyer, GWEC</i> Discussion
11:45	What are the key clear and positive messages on action needed? Introduction and Moderation: <i>Annette Schou, DEA</i> Intervention: <i>Roland Schindler, Fraunhofer ISE</i>
12:30	Lunch
Conclusions (20 min. per theme)	
13:30	Renewable energy deployment and policies by <i>Simon Müller, IEA</i>
13:45	Drawing conclusions – defining statements that can be agreed upon Moderation: <i>David de Jager, Ecofys / IEA-RETD Operating Agent</i>
14:30	Conclusion from the Chair: <i>Hans-Jørgen Koch, DEA / IEA-RETD Chair</i>
15:00	Closing
15:00	Drinks – Free and informal discussion
17:00	Final Closing

Participants

Name	Organisation
Rana ADIB	REN21
Dolf GIELEN	International renewable Energy Agency (via phone)
Rune HOLMEN	Enova Norway
Fumiaki ISHIDA	New Energy Technology Department (NEDO)
Sarina KELLER	German Aerospace Center (DLR)
Matthew KENNEDY	Sustainable Energy Authority of Ireland
Hans Jørgen KOCH	Danish Energy Agency, Chairman of the IEA-RETD
Bernhard MILOW	German Aerospace Center (DLR)
Neeltje MUSELAERS	NL Agency, Ministry of Economic Affairs, Agriculture and Innovation, Netherlands
Simon MÜLLER	International Energy Agency
Michael PAUNESCU	Natural Resources Canada
Janet SAWIN	REN21
Steve SAWYER	Global Wind Energy Council (GWEC)
Roland SCHINDLER	Fraunhofer-Institute for Solar Energy Systems
Annette SCHOU	Danish Energy Agency
Henriette SCHWEIZERHOF	Federal Ministry for the Environment, Nature Protection and Nuclear Safety, Germany
Ingrid SLUNGAARD MYKLEBUST	Enova Norway
Kees VAN DER LEUN	Ecofys Netherlands
Kaoru YAMAGUCHI	Institute for Energy Economics
David DE JAGER	IEA-RETD Operating Agent, Ecofys Netherlands
Kristian PETRICK	IEA-RETD Operating Agent, All Green Energies, Spain