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## Introduction: Strategies to Accelerate The Low Carbon Economy

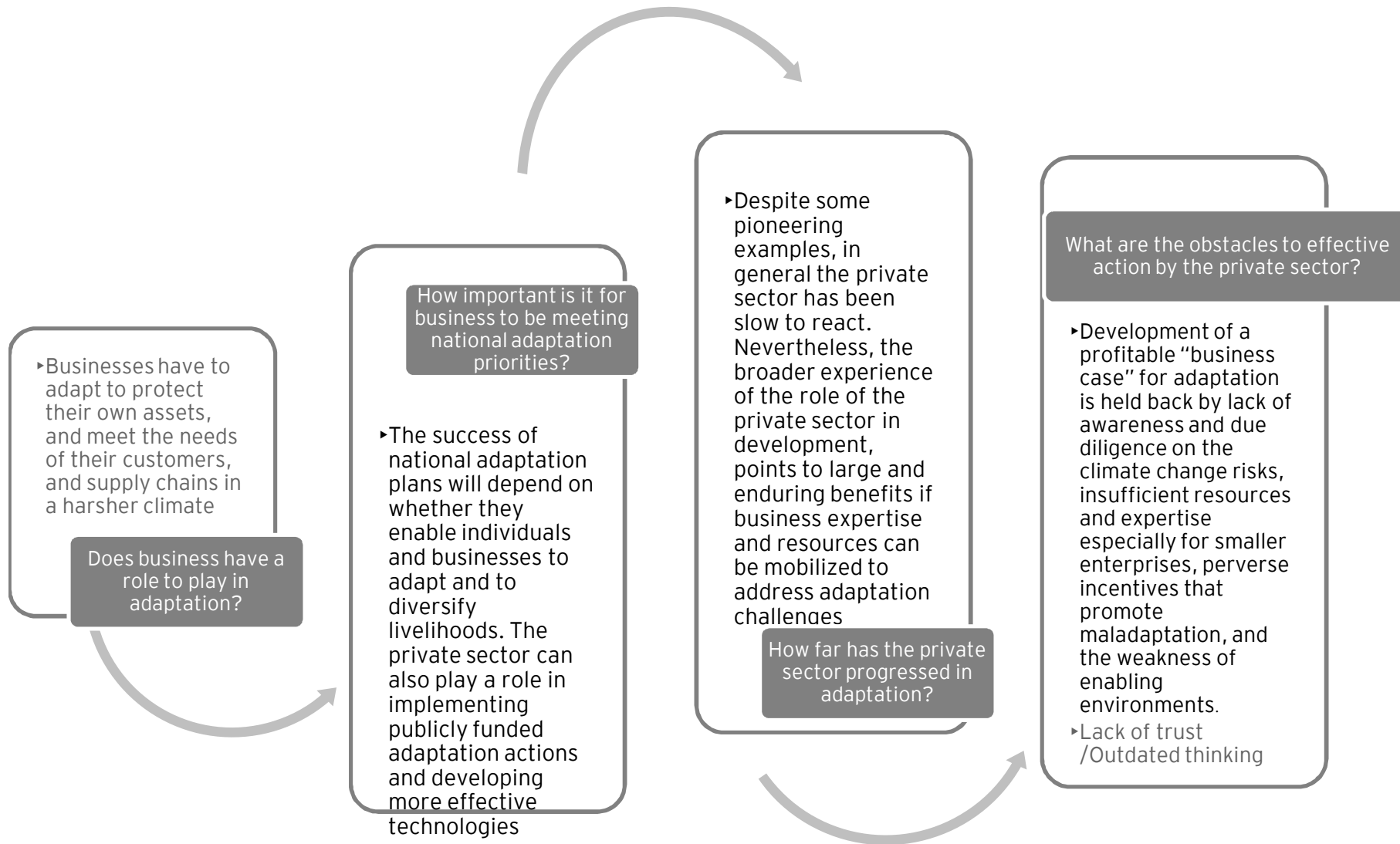
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- ▶ Maria van der Hoeven, the executive director of the International Energy Agency, opened the 2011 World Energy Outlook publication with the statement; “It is the job of governments to take the decisions that will deliver a secure and sustainable energy future”, and so it should be. Governments, as first citizens of the global community, are indeed not only obliged but it is their moral duty to safeguard the world and its people.
- ▶ We at Ernst & Young, as citizens of this same global community, are too tasked with the sometimes unenviable task of providing assurance to all stakeholders in all spheres of public and private life and so it should be; ,e.g. US SEC guidelines-disclosure of material climate risks.
- ▶ Today’s topic, **‘Strategies to Accelerate The Low Carbon Economy’** should provide us with a useful focal point to take stock of where we are and where we want to be and the strategies needed to accelerate a low carbon economy, globally. For us in the developing world the strategies agreed and embarked upon should and must assist our governments and society to resolve amongst other equally pressing challenges) what I call ‘the energy paradox’ that we face in the developing world. This paradox is revealed when we consider that the world would need to double energy production by 2050 in order to alleviate energy poverty. The trade-off and balance is between the continuing use of traditional and reliable energy technologies that negatively impact the global climate on the one hand vis a vis the huge investment needed to develop new energy technologies on a mass global scale and thereby accelerate the eradication of energy poverty through development of low carbon economies on the other. For many in the developing world the latter comes with huge costs, hence the paradox.

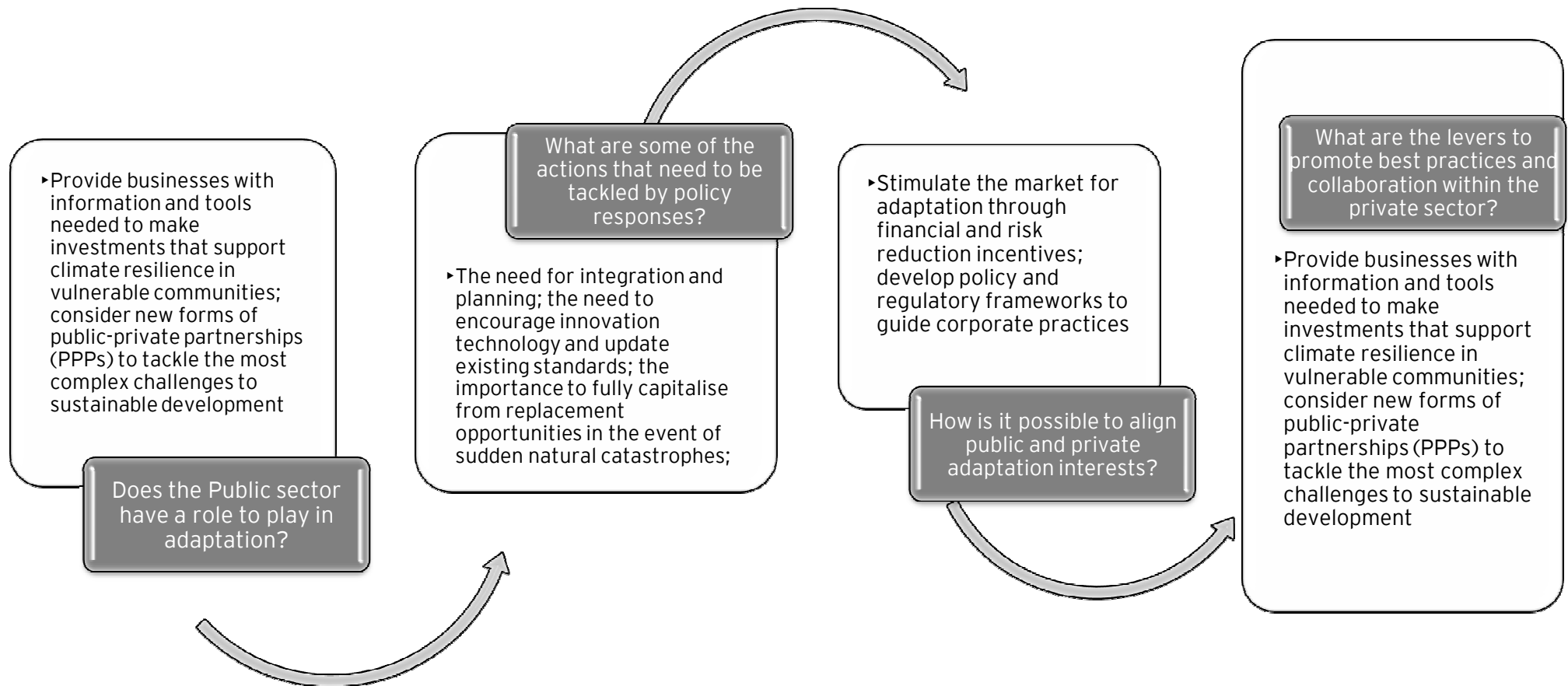
# Key questions and EY's response to them

KEY QUESTIONS	Ernst & Young PERSPECTIVE
<p>What are the barriers to scale/deployment?</p>	<ul style="list-style-type: none"> <li>• Gaps in clean and climate-smart technologies</li> <li>• Technology bottlenecks as a result of little R&amp;D</li> <li>• The structures for innovation and collaboration are weak</li> <li>• Energy efficiency is not currently a main focus</li> <li>• Lack of unified terminology, definitions and accounting standards with regards to global climate change</li> <li>• The carbon credit market is not transparent and there is too much room for manipulation</li> <li>• Few disincentives towards those who are not conscientious about climate change</li> </ul>
<p>What are the solutions - policies, financing, structures or business models?</p>	<ul style="list-style-type: none"> <li>• Closing technical gaps by focusing on technology scalability and technology adoption; leveraging investments in cleantech to maximize synergies;</li> <li>• Increasing government investment in the commercialization of technology R&amp;D situated inside government and university labs to accelerate solutions to technology bottlenecks;</li> <li>• Enhancing innovation and collaboration structures and technology transfers;</li> <li>• Focusing not only on renewable and alternative energies but also energy efficiency;</li> <li>• Designing metrics and standards that can be widely adopted, including the definition of global accounting standards in relation to climate change issues such as carbon trading;</li> <li>• Determining values for generating carbon credits via transparent and real markets that cannot be manipulated;</li> <li>• Providing incentives for good behavior and punishment for bad behavior</li> </ul>
<p>What needs to be done and who needs to do it?</p>	<ul style="list-style-type: none"> <li>• Establish Governance Committees or equivalent to effectively manage all issues; e.g. Carbon pricing</li> <li>• Identify direct obligations and develop processes for managing compliance including capacity enhancement;</li> <li>• Look at joint venture agreements and confirm or agree who will take on liability;</li> <li>• Determine asset valuations and perform fully costed impairment tests;</li> <li>• Develop or review a model to assess the impact of carbon from upstream suppliers</li> <li>• Assess strategies to pass on carbon pricing costs to downstream customers/markets;</li> <li>• Develop an accounting treatment policy;</li> <li>• Validate the quality of the emissions data</li> <li>• Develop a Marginal Abatement Cost Curve to assess the internal cost of reducing emissions to establish a hierarchy of investment</li> <li>• Prepare to identify and apply for the various grant schemes where eligible.</li> </ul>
<p>How do we ensure it gets done, what are we doing and what are we committing to here?</p> <p>•Public Sector •Private Sector</p>	<p>Initiatives by developing countries</p> <ul style="list-style-type: none"> <li>• Several developing countries have adopted voluntary, non-binding national emission reductions targets - India has committed to voluntarily reduce its carbon intensity by 20%-25% between 2005 and 2020;</li> <li>• China has committed to voluntarily reduce its carbon intensity by about 40%-45% by 2020;</li> <li>• Brazil has signed into law a commitment to reduce its emission growth by up to 39% below 'business as usual' levels by 2020;</li> <li>• South Africa plans to reduce its emissions trajectory by 34% below 'business as usual' projects by 2020, on the condition that developed countries offer financial and technological assistance.</li> <li>• China and India are likely to maintaining their insistence on "common but differentiated responsibilities" at COP17 negotiations</li> </ul>

# Climate Adaptation: an urgent need for the Private Sector



# Climate Adaptation: an urgent need for the Public Sector



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# Conclusion

## What is achievable?

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### Political will

- ▶ A new protocol to succeed the Kyoto protocol.
- ▶ Build consensus and agreement on a unified message .
- ▶ Embark and support regional (REDD ) initiatives on climate change responses.
- ▶ Agree shared responsibilities to address climate change through new funding and technological support.
- ▶ Take the aspirations of vulnerable people and as a priority in all policies and strategies.
- ▶ Be cognisant of the four A's of energy poverty eradication - Is it Acceptable, Accessible, Affordable, and Available?

### Practical and incremental/realistic steps to build on

- ▶ Practical protocols and the modalities to the Green Climate Fund access have to be agreed and put in place sooner rather than later.
- ▶ The need to accelerate efficiencies of policy and regulatory frameworks and incentives to address mitigation and adaptation and create markets for renewable energy cannot be overemphasised.
- ▶ Global cooperation by development banks
- ▶ Establish development financing and credit agencies & risk sharing guarantees.

# Addressing the key questions

## What are the solutions - policies, financing structures or business models

Category	Climate-smart initiatives
Transportation	<ul style="list-style-type: none"> <li>• Reengineering supply chain and delivery logistics</li> <li>• Changing marine transportation patterns and fuel sources</li> </ul>
Water	<ul style="list-style-type: none"> <li>• Reducing in-house water use and manufacturing products that require less water</li> </ul>
Energy	<ul style="list-style-type: none"> <li>• Reducing energy consumption through efficiency measures</li> <li>• Utilizing renewable energy sources to decrease carbon intensity and improve energy reliability</li> <li>• Creating building products that are less carbon-intensive</li> <li>• Videoconferencing and telecommunications services that reduce energy use</li> </ul>
Technology	<ul style="list-style-type: none"> <li>• Integrating existing clean technologies to create marketable products and services that overcome barriers to adoption (e.g. residential solar installation, green building)</li> </ul>