

Third Executive Training Programme for Young Professionals

Information Session on the Energy Charter and its activities, 13 May 2014

Steivan Defilla

Director

Energy Charter
Secretariat



OVERVIEW OF ENERGY CHARTER

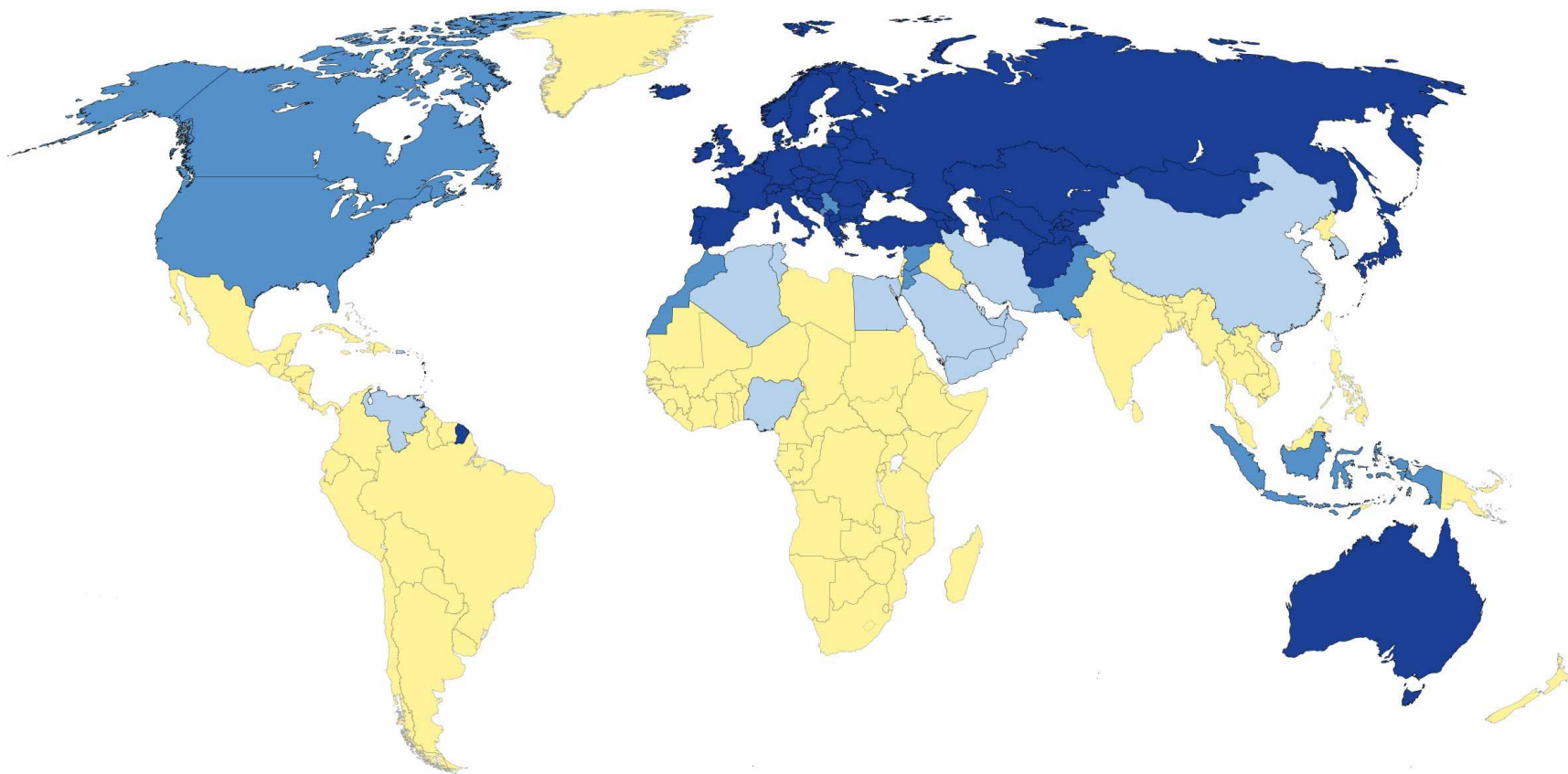
- 1. ORGANISATION,**
- 2. MAJOR PROJECTS**
- 3. CHALLENGES**
- 4. PLACE AMONG OTHER
INTERNATIONAL
ORGANISATIONS**



1. ORGANISATION

Energy Charter Constituency

Common rules for global energy security



 **Members**

 **Observers, signed
the 1991 Charter**

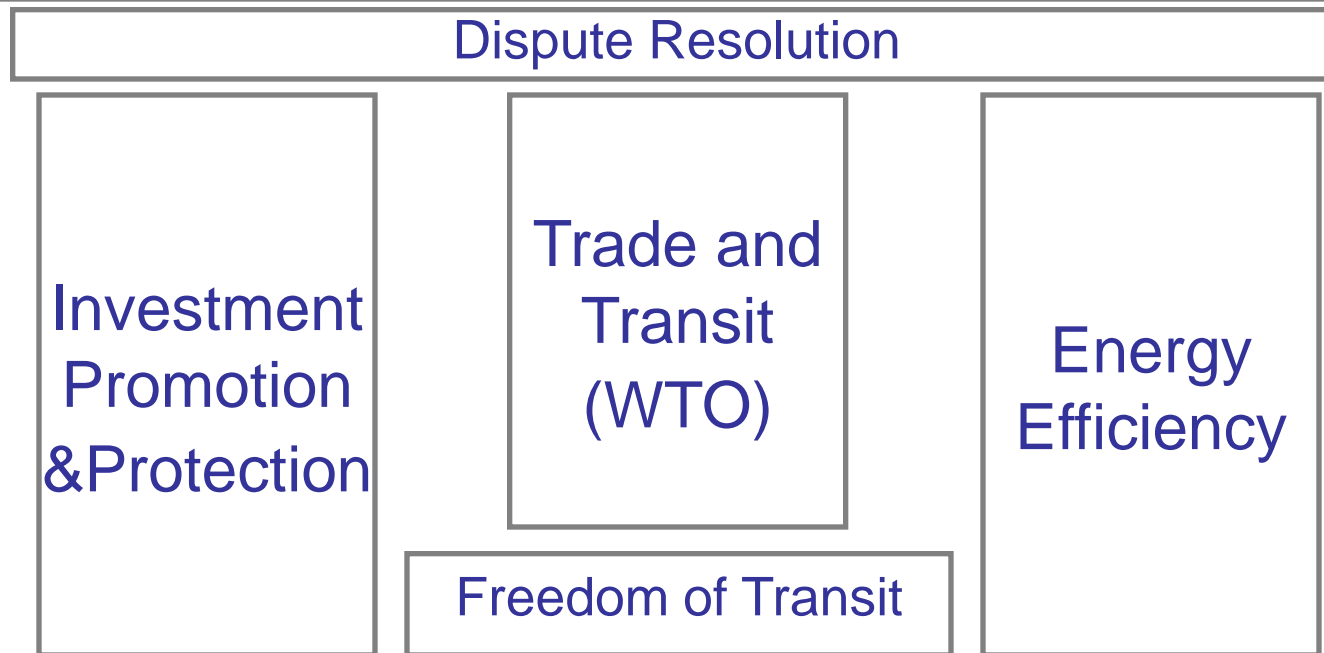
 **Observers, by
Conference invitation**

This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area

Architecture of the Energy Charter Framework



Energy Security



Energy Charter Treaty: National Sovereignty and Non-Discrimination

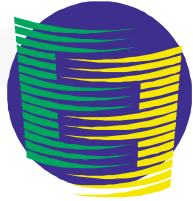
European Energy Charter 1991 (Basic Principles)

International / World Energy Charter 2015 (Update)



Energy Charter Treaty and Protocol:

- **More than 50 members; open to any producing, transit or consuming country**
- **National sovereignty over energy resources**
- **Investment protection based on non-discrimination**
- **WTO based trade provisions, freedom of transit**
- **Investor-to-state and state-to-state dispute settlement procedures**
- **Protocol on Energy Efficiency and Related Environmental Aspects**
- **Model Agreements facilitating construction of cross-border infrastructure**



Intergovernmental treaty and organisation promoting the principles of the Energy Charter:

- **Improving energy security**
- **Implementing energy efficiency**
- **Enhancing safety and minimising environmental problems**
- **Developing more efficient energy markets**
- **Creating a climate favourable for enterprises and for the flow of investments and technologies**



International / World Energy Charter

- MENA: Northern Africa and Middle East
- South East Asia: ASEAN
- East Asia: China, Korea
- South Asia: SAARC
- Remaining G20
- Black Africa

*Window of opportunity
For potential new members*





2. Major Energy Charter Projects

- Regional Cooperation in Central Asia (Electricity cooperation)
- Energy Efficiency at local level: DACO (EU / Covenant of Mayors)
- East Asia: Gobitec / Asia Super Grid (low carbon investment)

Gobitec Consortium



Energy Charter Secretariat



Energy Economics Institute of the Republic of Korea



Energy Systems Institute of the Russian Federation



Ministry of Energy of Mongolia



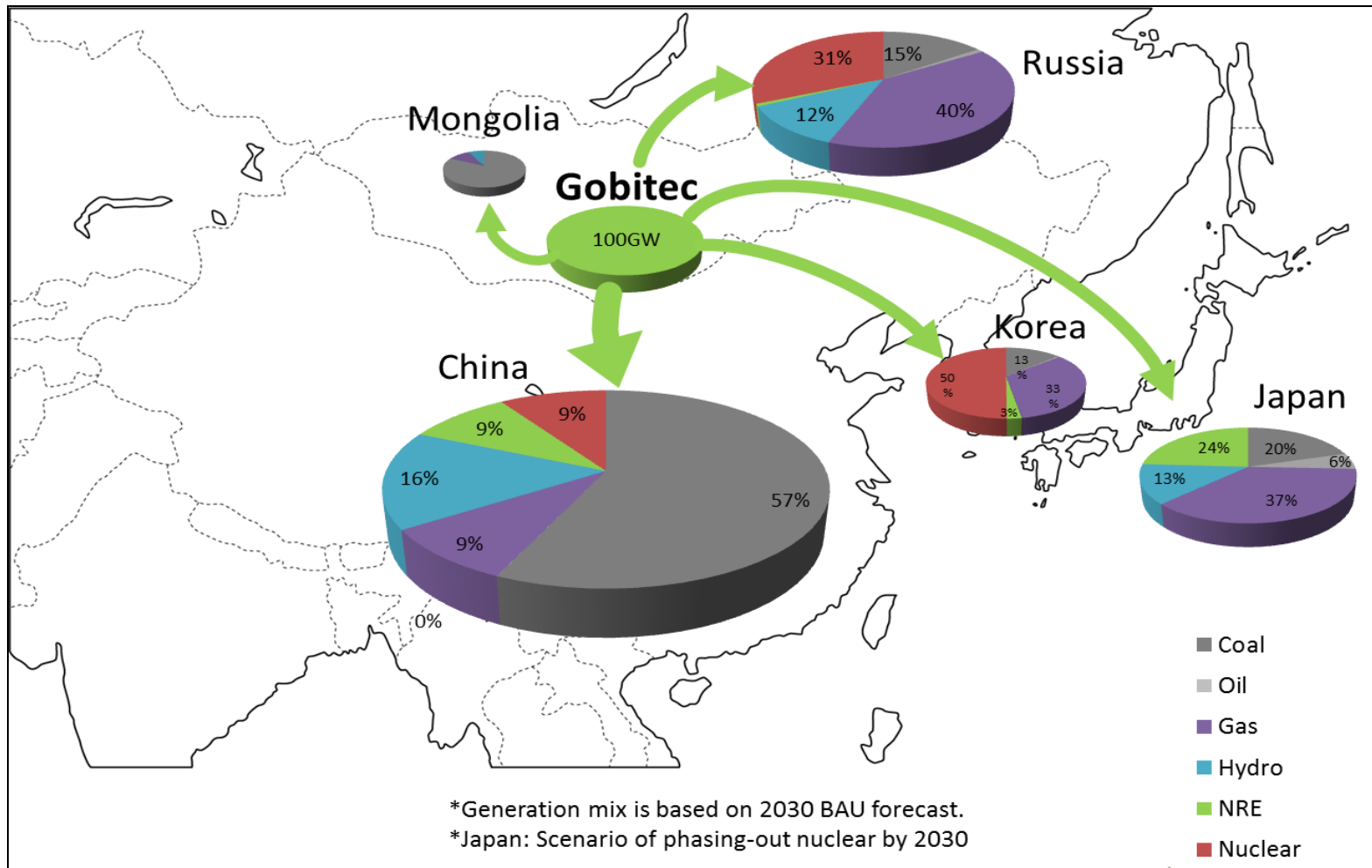
Japan Renewable Energy Foundation



Fraunhofer ISI and Fraunhofer ISE



Generation mix 2030



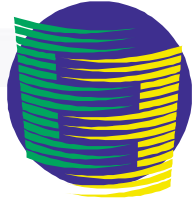


3. CHALLENGES



Security of Transit

- Early Warning Mechanism
 - Monitoring Energy Flows
 - Transparency / Confidence building
- Applicability of Conciliator
 - Clarify internal rules



LONG TERM CHALLENGE: RECONCILE CONFLICTING LONG TERM OBJECTIVES

**ECONOMIC GROWTH
JOB CREATION**



ENERGY SECURITY



CLIMATE CHANGE

Sustainable Energy For All

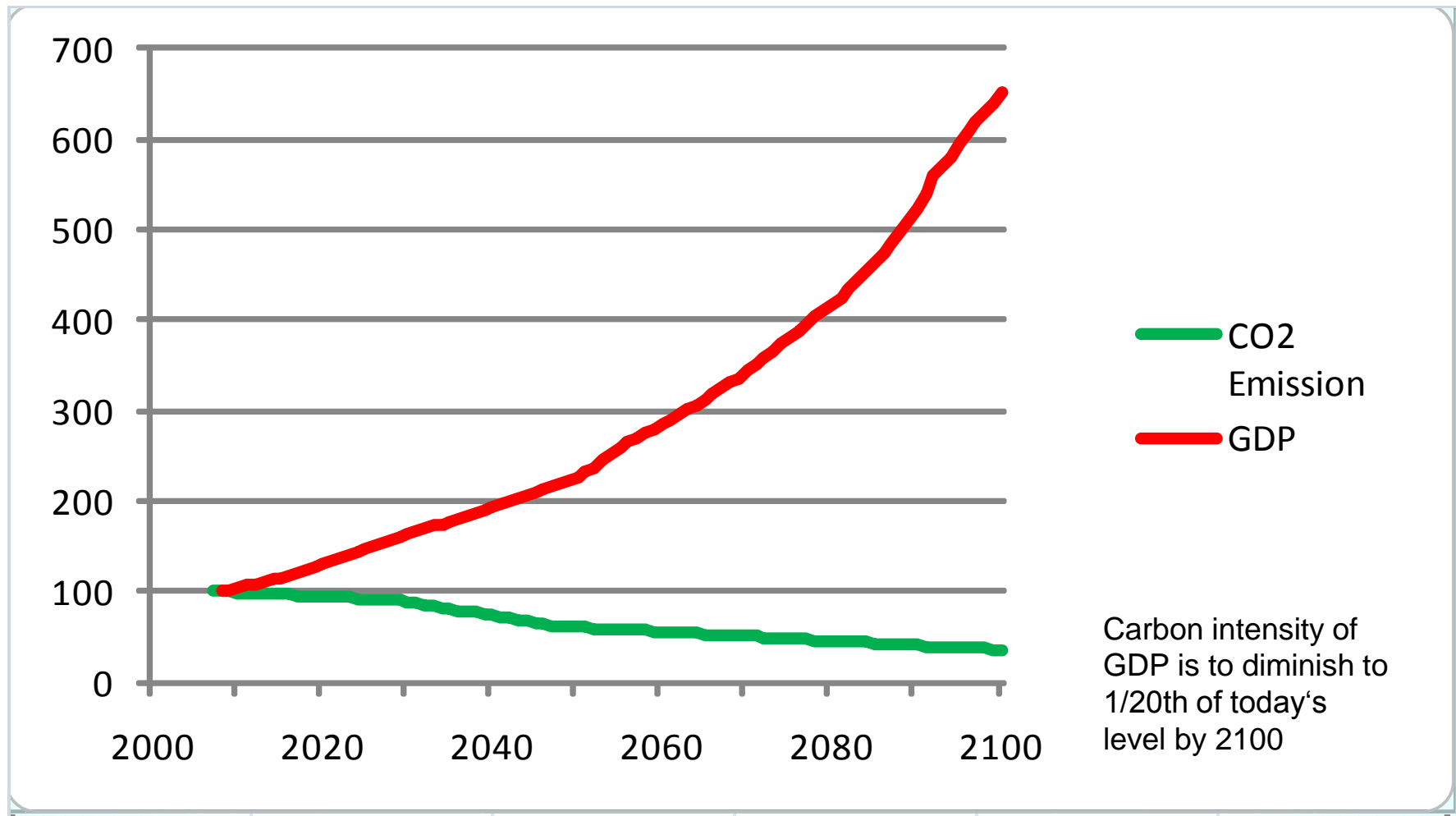


- *Launched by the UN Secretary-General in 2011*
- *UN General Assembly: 2014 – 24 Decade of SE4ALL*
- *Three interlinked objectives to be achieved by 2030:*
 - **Ensure universal access to modern energy services.**
 - **Double the global rate of improvement in energy efficiency.**
 - **Double the share of renewable energy in the global energy mix.**



Global low carbon decoupling

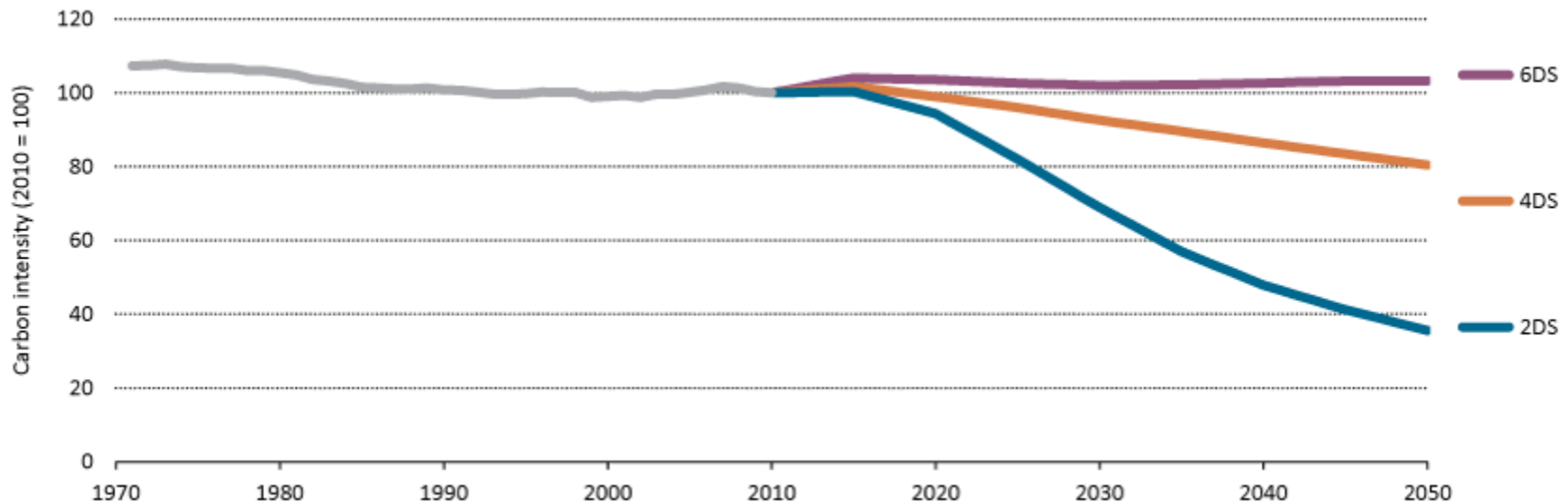
Making global economic growth (e.g. 2% = low growth) compatible with the max. temperature increase of +2° C (e.g. 450 ppm CO₂) until 2100
Index 2010 = 100



Data: IEA (450 ppm scenario 2050, ETP 2012)



Reality: between 4° and 6°



“The carbon intensity of global energy supply has hardly improved in 40 years despite efforts on renewable energy” (IEA ETP 2012, Fig. I.1.)

<http://www.iea.org/etp/>

“Unpriced GHG emissions are **the greatest market failure** the world has seen” (Sir Nicolas Stern, Stern Review, 30 October 2006)



Four ways to reduce CO₂

- 1) **Renewable Energies**; advantage: long term availability; problem: costs, but these are steadily diminishing (learning curves)
- 2) **Energy Efficiency**; advantage: cheapest energy source; problems: limits to decoupling energy from GDP, rebound effect (efficiency gains are over-compensated by rising income)
- 3) **Carbon Capture and Storage**; problems: costs, security issues (CO₂ is lethal except for green plants)
- 4) **Nuclear energy**; problems: accidents, proliferation, waste storage, finiteness of fissile resources

Key indicators and key organisations



$$\left[\frac{\text{emissions}}{\text{person}} \right] = \left[\frac{\text{emissions}}{\text{energy}} \right] \times \left[\frac{\text{energy}}{\text{GDP}} \right] \times \left[\frac{\text{GDP}}{\text{person}} \right]$$

Activity area of IRENA

$$\left[\frac{\text{emissions}}{\text{person}} \right] = \left[\frac{\text{emissions}}{\text{energy}} \right] \times \left[\frac{\text{energy}}{\text{person}} \right]$$

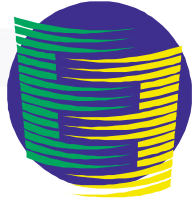
Activity area of IEA, IEF

$$\left[\frac{\text{emissions}}{\text{person}} \right] = \left[\frac{\text{emissions}}{\text{GDP}} \right] \times \left[\frac{\text{GDP}}{\text{person}} \right]$$

Activity area of UNFCCC

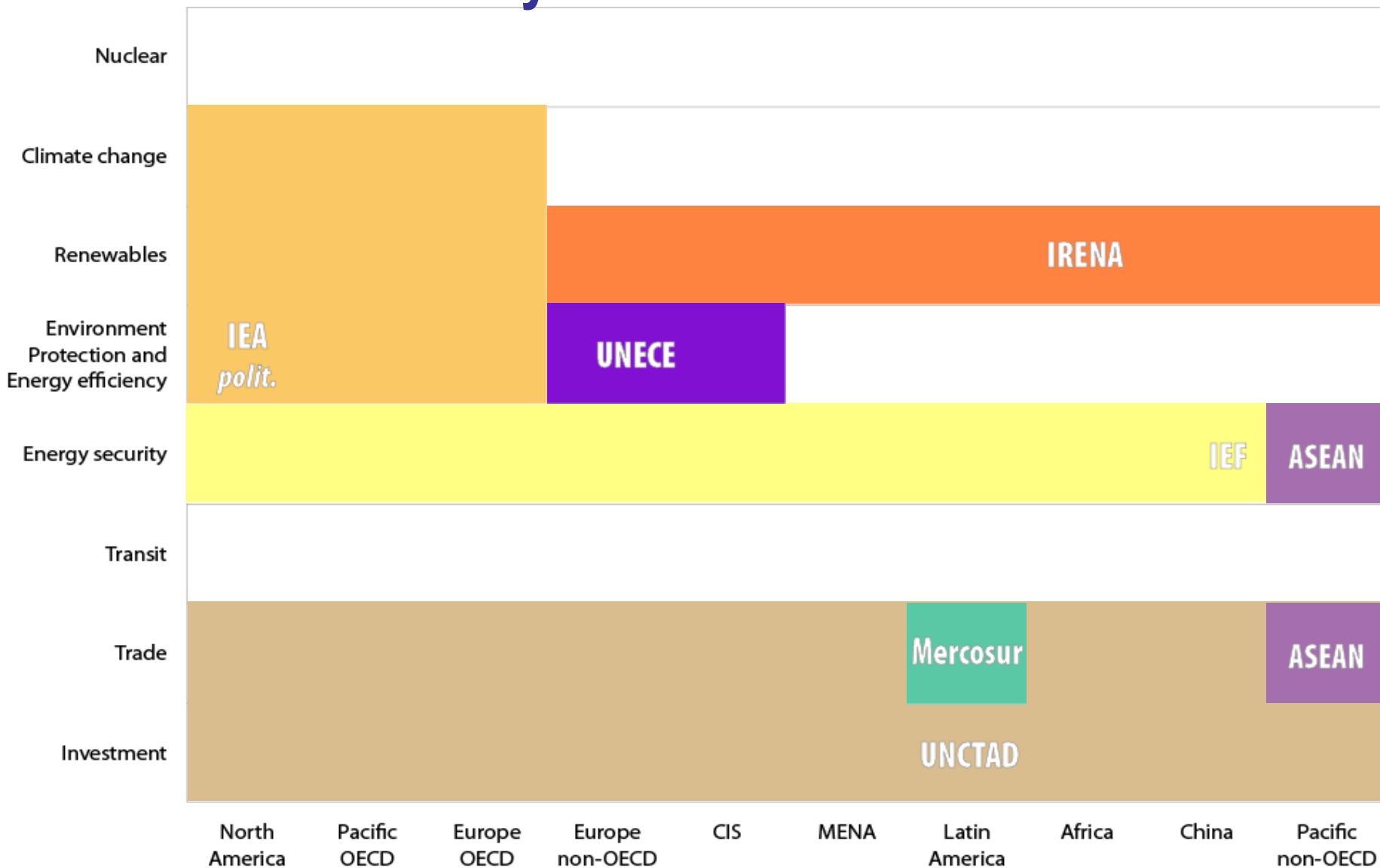
Activity areas of Energy Charter, UNIDO

Activity area of WTO, IMF, World Bank, UNCTAD, OECD

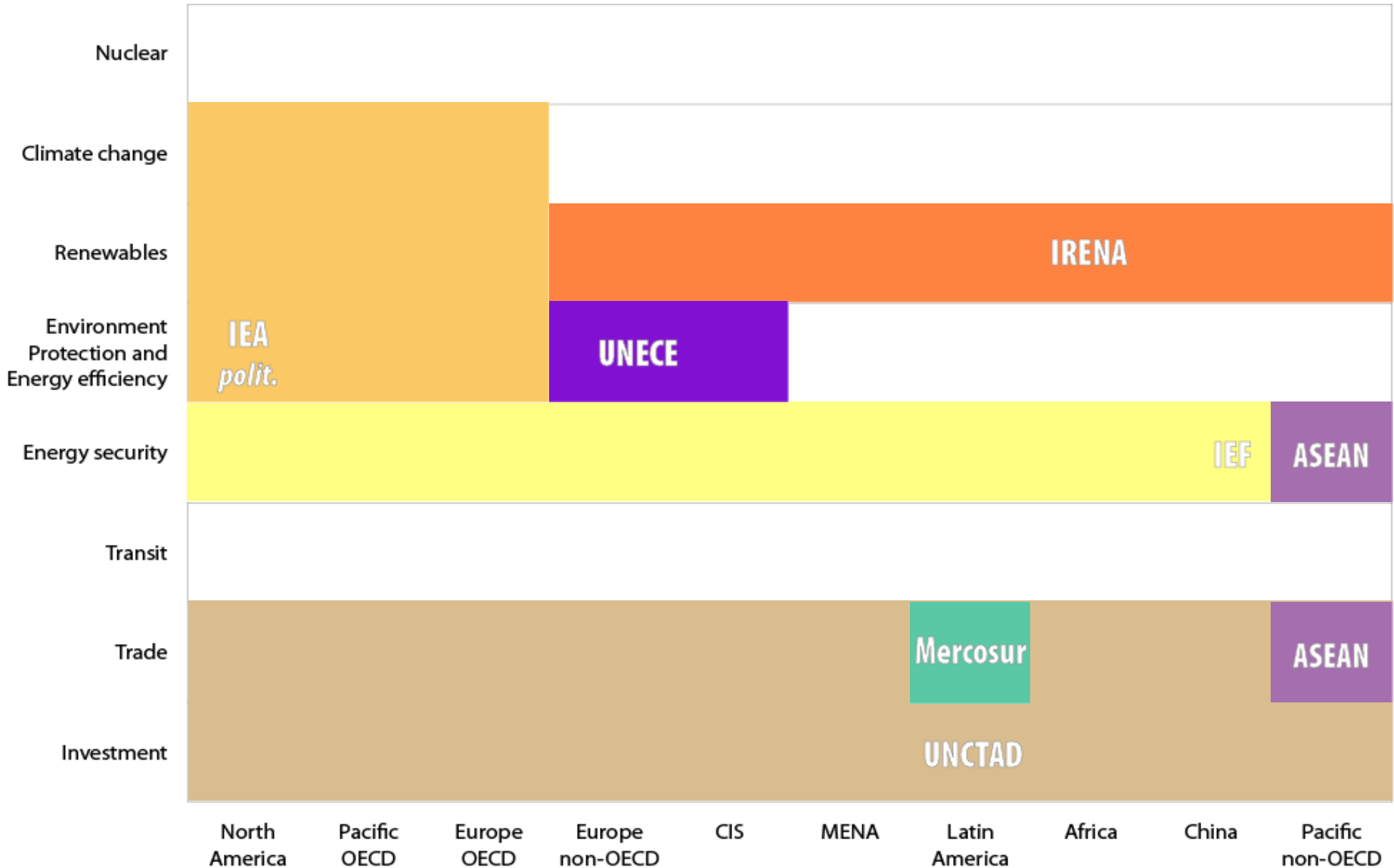
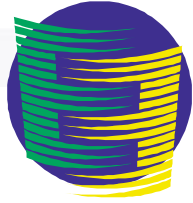


4. PLACE OF ENERGY CHARTER AMONG INTERNATIONAL ORGANISATIONS

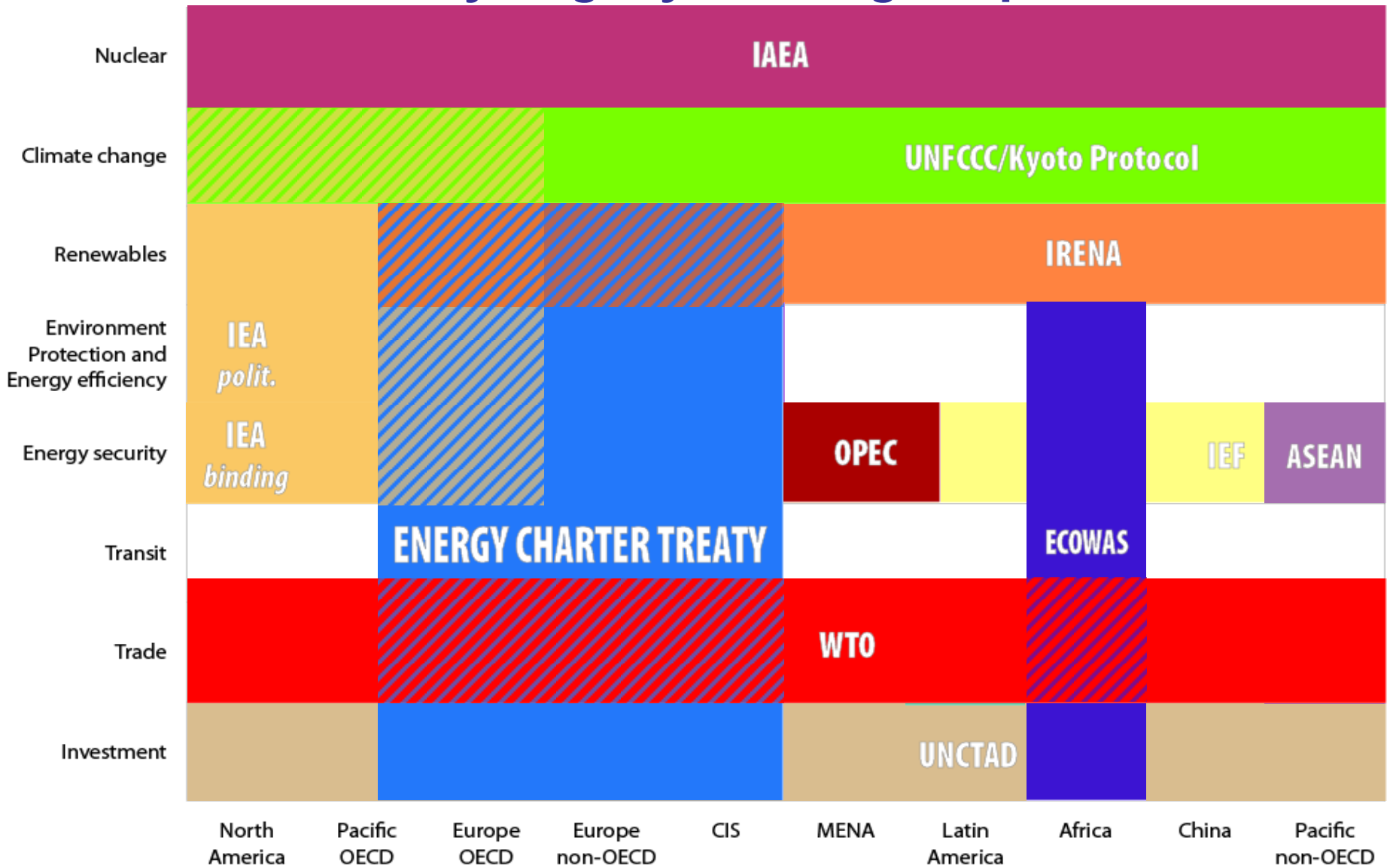
Energy-Related Organisations with Predominantly Political Forum Functions



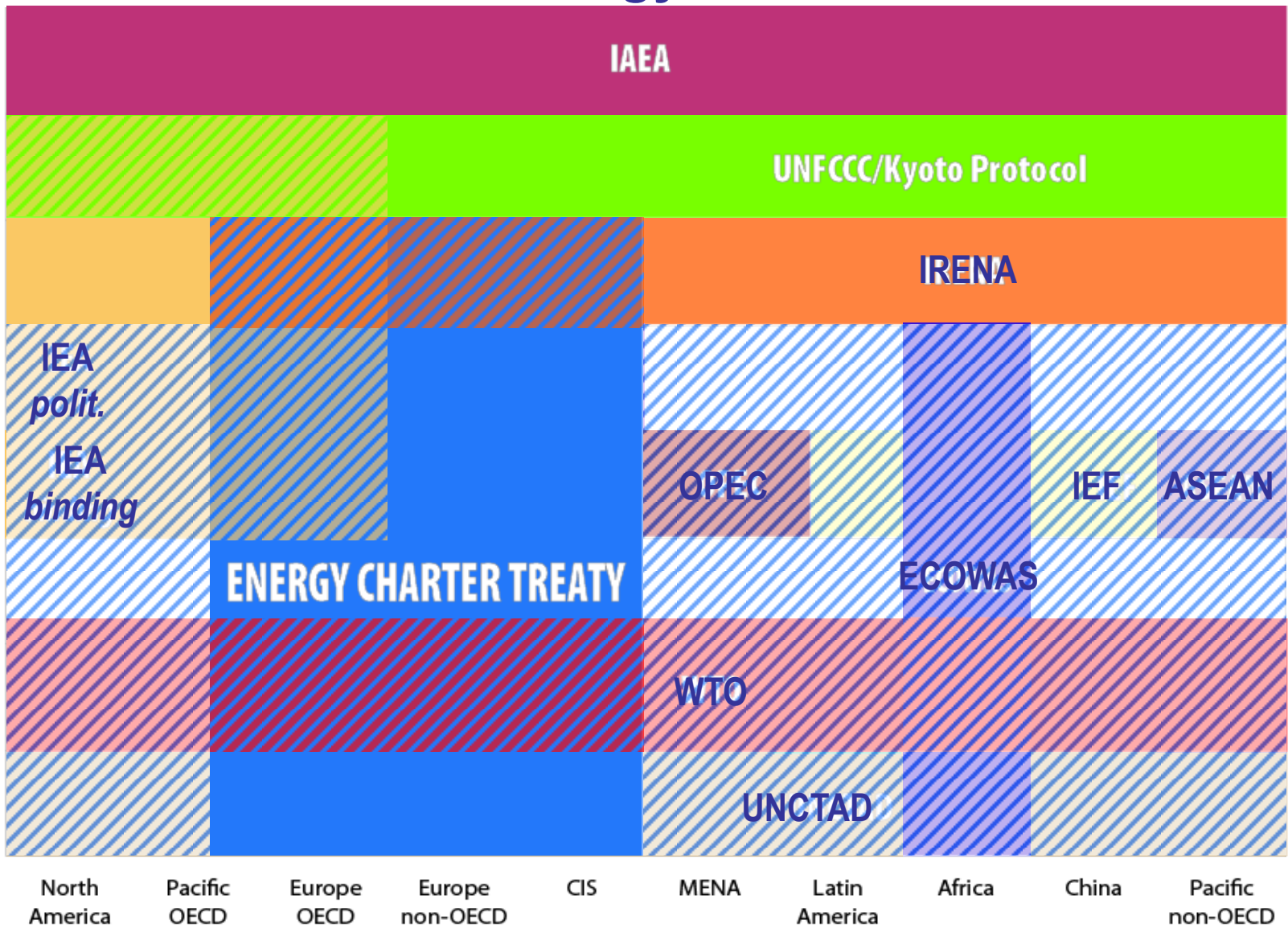
Energy-Related Organisations with Predominantly Political Forum Functions

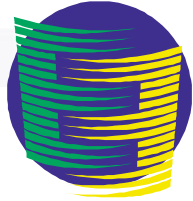


Energy-Related Organisations with Predominantly Legally Binding Requirements



Energy Charter Treaty: Place in Global Energy Governance





Thank you for your attention !

Energy Charter Secretariat

Boulevard de la Woluwe, 56 • B-1200 Brussels, Belgium

Tel.: +32 2 775 98 00 • Fax: +32 2 775 98 01 • info@encharter.org

www.encharter.org

Common rules for global energy security