

Proceedings – LACCW side event

**The Relevance of Long-term Energy Scenarios to Climate Policy Making and NDC
Target Setting in Latin America & the Caribbean**

Part of IRENA's CEM campaign "Long-term Energy Scenarios for the Clean Energy Transition"

Thursday, 22 August 2019, 13.30 – 14.25
Room Goal 9, Salvador Hall, Salvador, Brazil



Background

The Paris Agreement explicitly calls on countries to deliver long-term strategies for decarbonization to the international community, calling on "all Parties . . . to formulate and communicate long-term low greenhouse gas emission development strategies" [Article 4.19]. Considering that the energy sector is the main – or among the main – emitters of greenhouse gases in many countries, long-term energy scenarios should play a key role in assessing and quantifying the potential of emission reduction strategies and compliance with nationally determined contributions (NDCs). The next NDC update is 2020, looking forward to 2030, LTES can be utilised to outline NDCs by guiding short-term actions required for the long-term deep decarbonisation of the energy sector.

In Latin America & the Caribbean, as in many parts of the world, the development of decarbonisation strategies is the jurisdiction of environmental ministries/institutions, while the development of long-term energy scenarios is mainly a task for energy ministries/agencies – these processes are not necessarily well connected. Climate policy and NDC target setting are now one of the main drivers for the energy transition and the uptake in the use of long-term energy scenarios.

This side event was organised under IRENA's "Long-term Energy Scenario (LTES) Network". The session was attended by about 60 people.

For more information visit: <https://www.irena.org/energytransition/Energy-Transition-Scenarios-Network/Long-term-Energy-Scenarios-Campaign>, or contact: ltes@irena.org

Programme

Moderator: Pablo Carvajal, Associate Programme Officer – Clean Energy Transition Scenarios, IRENA

13:30 Introductory remarks

Elizabeth Press

Director, Planning and Programme Support, IRENA.

13:35 Panel discussion: Long-term Energy Scenarios and NDC Target Setting – ‘How should Long-term Energy Scenarios better integrate within the NDC process?’

Format: The panellists, primarily representing government and institutions supporting the government, are asked to discuss to what extent long-term energy scenarios influence climate policymaking and vice versa at the regional or national scale.

Key guiding questions for the panel discussions include:

- » What are the roles of long-term energy scenarios in climate policymaking?
- » What coordination efforts have been made to align decarbonisation and energy sector strategies more closely?
- » How should long-term energy scenarios better integrate within the NDC process?

Panellists:

Amal-Lee Amin

Chief, Climate Change and Sustainability Division, IDB

Cayetano Casado

Regional Coordinator for Latin American & the Caribbean, NDC Partnership

Claudio Forner

Senior Country Specialist, UNFCCC

José Domingos Gonzalez Miguez

Member of CDM Executive Board (Clean Development Mechanism of the Kyoto Protocol), Brazil

Ronny Rodríguez

Chief of Power Dispatch, Vice Ministry of Energy, Costa Rica

Caroline Uriarte

Programme Manager, Low Emission Development Strategies (LEDS) Global Partnership

14:20 Wrap up of the session by the moderator

14:25 End of the side event

Summary of Discussion

Introductory Remarks

Ms Elizabeth Press, Director of Planning and Programme Support at IRENA, welcomed the audience and panellists and gave a short scene-setting presentation on the key drivers of the energy transition; “The energy transition has a series of drivers that lead to overarching technical, social, economic and environmental benefits.” She confirmed IRENA is supporting long-term planning through different initiatives:



- REmap: results show that emissions need to reduce by 70% to limit temperature increase to well below 2°C by 2050. 75% of the needed reduction can be achieved by the deployment of renewable energy and electrification of the end-use sectors (heat, transport).
- LTES Network: IRENA is creating a platform for countries and technical institutions to share their experiences in energy system planning and the challenges they have faced in representing the clean energy transition in scenarios.

To close the introductory remarks, she commemorated the death of Steve Sawyer, Greenpeace Activist who helped promote renewables.

Panel Discussion

Moderator, **Mr Pablo Carvajal** from IRENA introduced the speakers and defined the objective of the session - to discuss the relevance of LTES for climate policy and NDC target setting in the context of Latin American countries. Throughout the week, participants of the LACCW have discussed NDCs and long-term strategies for emission reductions. He pointed out that many of these are based on scenarios, mostly energy scenarios, which accumulatively account for over 70% of global emissions. He recounted the importance of energy scenarios for decarbonisation planning and assessment of trade-offs; “they act as a tool for policy discussion and dialogue among stakeholders”. He then introduced the first speaker, Claudio Forner, to give an overview of the importance of LTES in the context of NDCs from the point of view of the UNFCCC, which receives NDCs from all countries.

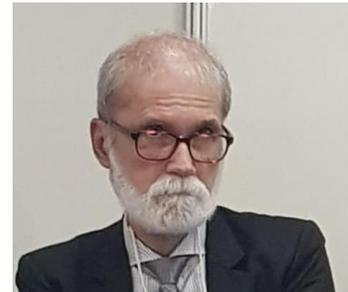


Mr Forner mentioned the importance of long-term energy strategies (2050) for decarbonisation and in order to avoid any lock-ins due to myopic vision in NDC setting (2030). He expressed the importance of having foresight that goes beyond 2030, even to very long-term ranges up to 2100 since climate change is a long-term issue; therefore, LTES need to guide the 5-year updates of NDCs. He concluded that NDCs will never result in ambitious decarbonisation if countries do not use long-term energy scenarios. He summarised, “LTES must inform NDCs in order to increase probability of achieving net-zero emissions”.



Mr Carvajal introduced the second speaker, José Domingos Gonzalez Miguez from Brazil, who is experienced in the public sector and in Brazil’s NDC. The moderator requested him to discuss Brazil’s experience with LTES and the challenges they have faced when using them for NDC target setting.

Mr Miguez proclaimed that coordination within NDC setting in a political process is difficult to deal with. He pondered on how to combine political shifts with the priorities for clean and long-term strategies: “Shifting politics and policies in the short-term make it hard to use and be guided by LTES – creating further uncertainty”. He therefore suggested that long-term planning must be context-specific for each region, preferably at the national scale. To provide an example, he cited the importance of Land Use, Land Use Change and Forestry (LULUCF) in the developing country context, where it is constantly evolving. He then continued to contrast the reality of land-use in Europe, where there is not much space left, and almost all land is occupied, versus the reality of Brazil, in which land can still undergo major changes. He also cited the possibility of an increase in natural gas demand in Brazil; “this brings to doubt the possibility of having ambitious NDCs.”



Mr Carvajal introduced the third speaker, Ronny Rodríguez from Costa Rica. The moderator asked the third speaker to discuss how Costa Rica moved so fast in terms of finding consensus to commit to increasing ambitions, already putting out a Decarbonisation Plan for 2050.

Mr Rodríguez confirmed that energy governance is under the Ministry of Environment, so energy automatically has a green orientation; institutionally this has facilitated with energy authorities aligning with climate and environmental goals. He considered Variable Renewable Energy (VRE) always needs a backup; “if we talk about capacity, we are talking about the back-up necessary to sustain intermittent generation”. He continued to suggest that capacity is considered as building new plants (peak power), but generation also needs to be assessed to determine whether the energy is really clean. Following on, he affirmed that when energy efficiency is well established within public policy it immediately reduces demand. He provided the example of Costa Rica phasing out thermoelectric plants running on fuel oil by replacing with VRE; VRE is already cheaper, virtual plants are expected to help manage intermittency. He then disclosed that following the phase-out of thermal power plants with fossil fuels, it is likely a large hydropower phase-out would follow to restore rivers in the country.



Mr Carvajal introduced the fourth speaker, Amal-Lee Amin, Chief of the Climate Change and Sustainability Division at IDB. He asked Ms Amin to please elaborate on IDB’s activities that support LAC countries in elaborating long-term scenarios in relation to NDC target setting.

Ms Amin affirmed IDB has been active in the region, promoting their downstream tools such as the *NDC invest*, which helps countries convert their NDC into actual feasible projects. She also informed the audience of IDB's Deep Decarbonisation Project for Latin America & the Caribbean, promoting capacity building in long-term planning to support countries in climate policy-making and low emission long-term strategies; this project has been successful in partnering modelling communities with academia, in order to build capacity, whilst simultaneously engaging with climate authorities. She stressed that there is a need for LTES: "they provide necessary information to make the right decision regarding investments, therefore LTES are essential to avoid stranded assets that can lead to a strong carbon lock-in". Lastly, she highlighted the importance of having in-country capacity to develop scenarios that are consistent over-time.



Mr Carvajal redirected the discussion to panellists that are working with partnerships in the region. He introduced Cayetano Casado from the NDC partnership.

Mr Casado asserted that LTES are important to increase ambition in the context of NDCs. He cited the example of Uruguay, a country that now has very high shares of VRE in the grid and therefore needs to deal with excess of renewables by electrifying the end-use sectors: "LTES can help assess these issues by seeing interactions between the power sector and other sectors for electrification with green energy". He continued to advocate that innovation also needs to be captured in LTES, particularly in the transport sector and how this will interact with VREs and consumer behaviour must be considered. To conclude he reminded the audience that we have three further NDC submissions until 2030 and LTES need to play a key role to guide each one of the 5-year updates: "LTES allow for adjustment of NDC and climate strategies as new insights appear in the path to decarbonisation."



Mr Carvajal introduced the last panellist, Caroline Uriarte, the global director for the LEDS Global Partnership. The moderator asked what she has seen in terms of LTES aiding low emission development strategies and how they are tackling and supporting countries with long-term planning.

Ms Uriarte stated that the LEDS GP is a practitioners' network which has an Energy Working group comprised of more than 500 energy sector practitioners, representing national governments, multilateral institutions, private practitioners, and non-governmental organisations. She continued by discussing LEDS GP's initiative for renewable energy targets that could benefit from LTES, particularly to quantify and reveal the benefits of the energy transition. To conclude she suggested that when using LTES, one must take an



integrative approach: “models present a way to connect different economic sectors and to have an integrated discussion about the energy transition.”

A comment from an audience member mentioned that the panellists discussed a lot about government, NGO and development banks but the private sector had been forgotten. The audience member stated that 60% of global emissions come from 100 companies, and if there is no outreach to these 100 giants, emissions will not be reduced. She suggested focussing more on the interaction of NDCs, ambitions and the role of the private sector.

Session wrap-up

Mr Carvajal asked the panellists to do a collaborative wrap up for the session by giving a short answer to the following question: If you could improve one thing about LTES, for them to inform climate policymaking in a better way, what would it be?

Panellists mentioned that for LTES to better inform climate policy-making they need to: have an integrated multi-sectoral approach (institutions and people), consider a broad set of technologies and innovation (global and regional vulnerabilities and lock-ins), have consistent and coherent narratives that consider many possibilities (especially in terms of political assumptions, modellers will not solve the problems) and that focus more on the role of the private sector in the energy transition and decarbonisation.