



Institute for Advanced Sustainability Studies IASS in Potsdam

„Global energy governance and multilateral cooperation“

Presentation at the KAS/CEBRI Conference

„Integración Energética Regional: desafíos geopolíticos y climáticos“

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- ✓ Purpose: Gathering relevant forms of knowledge from science, society and politics for a transformation towards sustainable development
- ✓ Strategic focus: sustainability issues with a great need for transformation or an expected high transformation potential

Plattform Energiewende/Transdisciplinary Panel on Energy Change

- ✓ Provides scientific guidance for the German energy transition
- ✓ Sets the German energy transition in international perspective

- 1) Major challenges for global energy governance
- 2) State of art of multilateral cooperation on energy
- 3) Implications for Latin America and its energy integration

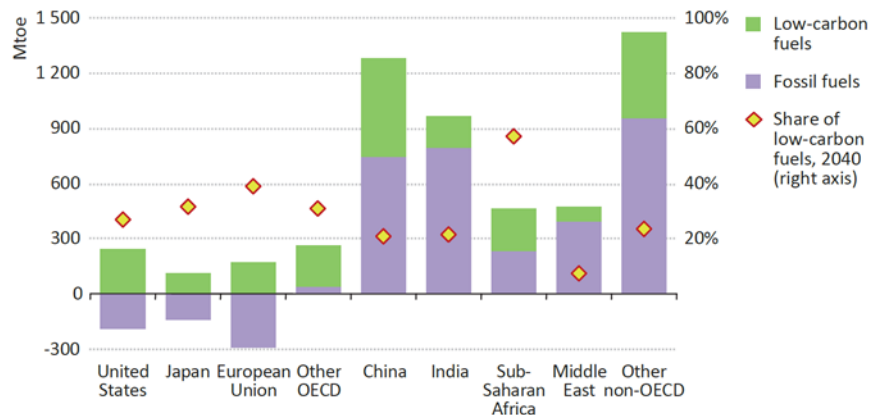
Major challenges for global energy governance

Global challenge #1: energy security and power shifts in global energy markets

Increasing global energy supply is of utmost importance to tackle energy poverty and to meet a globally rising energy demand

- One fifth of world population (1.3 billion) lacks access to electricity
- Nearly 40% relies on traditional biomass for cooking
- World primary energy demand is estimated to increase by 37% between 2012 and 2040

The non-OECD world becomes the new powerhouse in global energy markets

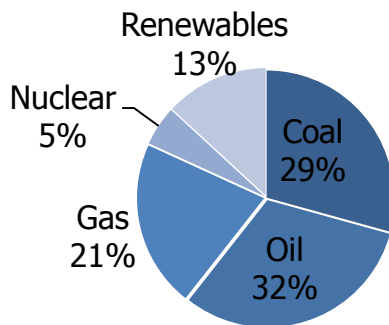


Primary energy demand growth by region, 2012-2040 (WEO 2014: 57)

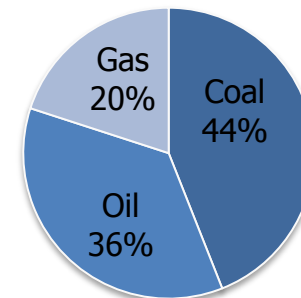
Global challenge #2: climate change and the urgent need to transform global energy supply

- Energy sector accounts for 2/3 of global greenhouse gas emissions
- Current energy trends are consistent with a global temperature increase of 3.6°C
- Urgent need to expand low-carbon energy sources and to improve energy efficiency

World primary energy demand (2012)

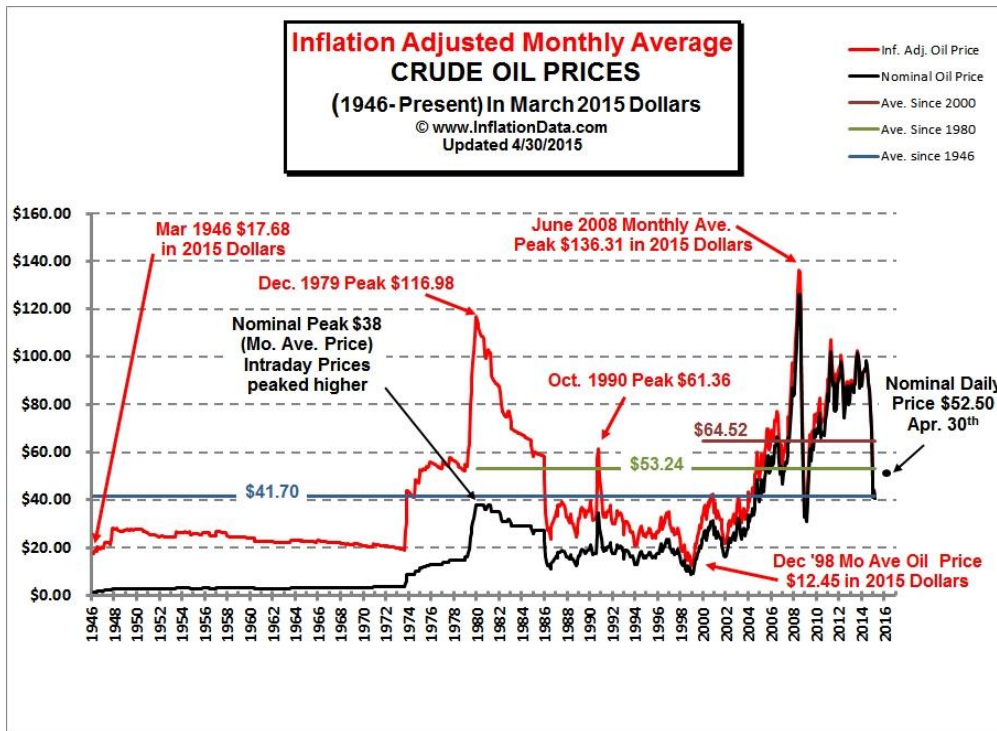


Global energy-related CO2 emissions (2012)



Source: IEA, WEO 2014

Global challenge #3: oil price volatility and increasing uncertainties



Source: inflationdata.com

Long-term investment decisions confronted with uncertainties on future

- price developments
- climate change regulations
- risk perceptions

State of art of multilateral cooperation

Structural characteristics of multilateral cooperation on energy

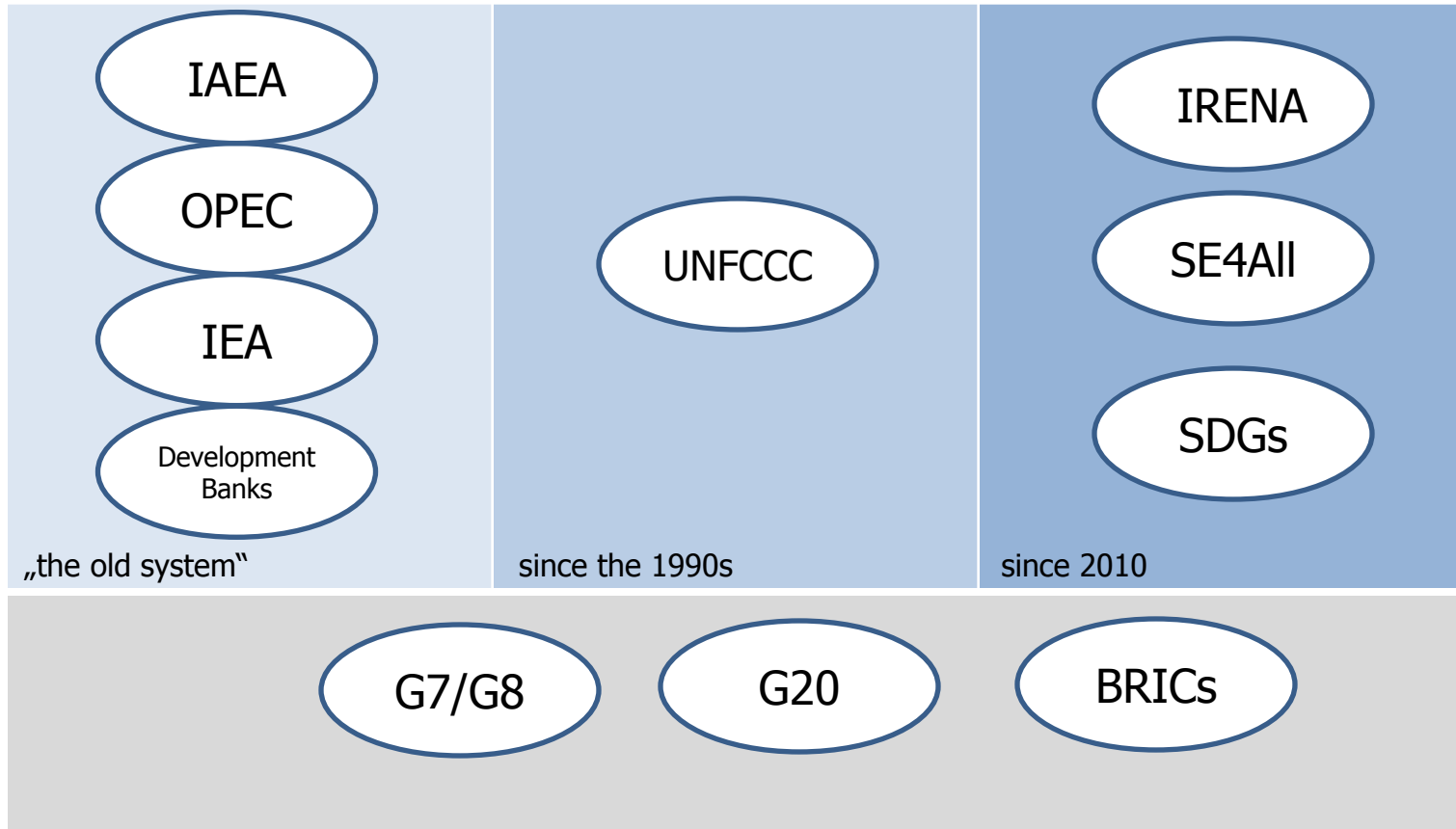


- Global governance on energy is relatively weakly developed
 - National sovereignty concerns
 - Reluctance to address energy issues in multilateral cooperation

- Multilateral cooperation on energy is highly fragmented

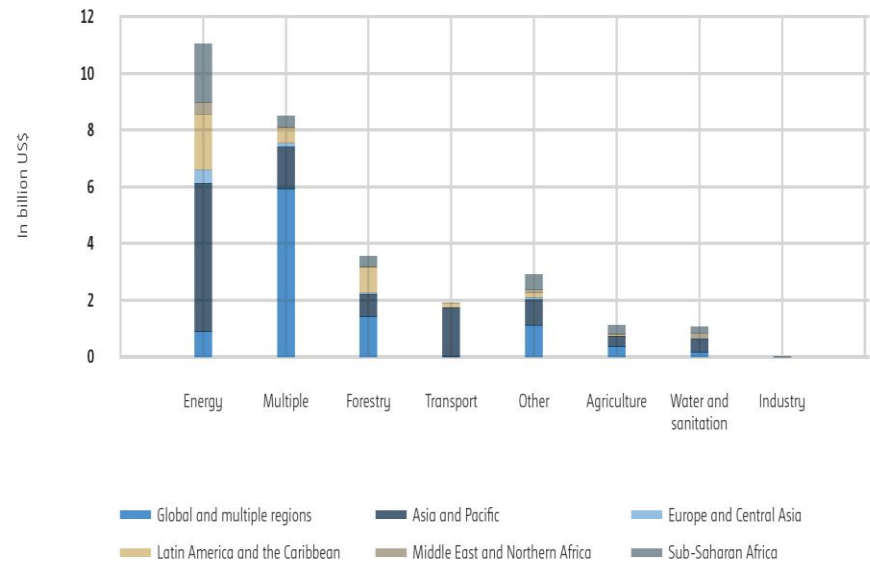
- “soft” governance instruments are prevailing
 - Setting common goals
 - Agenda-setting and information exchange
 - Financial assistance
 - Capacity building

Multilateral organizations and initiatives on energy



Climate protection as a key driver for energy cooperation

- Global consensus on the need to mitigate climate change, with dissent on the way how to get there
- Climate finance offers huge investment opportunities for the energy sector
- Impacts of climate change are more and more tangible, which increases public pressure on governments to act



Sectorial climate finance, 2010-2012 (UNFCCC 2012)

→in future, climate change concerns will become more important for global energy markets

→need for smart investments: exploit potentials and avoid stranded investments

The old „north-south“ paradigm does not fit to new realities

The old paradigm	New realities
<ul style="list-style-type: none">– North-south flows of finance, technical cooperation and knowledge– The “North” setting the agenda and taking the lead, deciding on the direction of international cooperation	<ul style="list-style-type: none">– Decisions in emerging and developing countries will become the key drivers for developments on global energy markets– “North” and “South” too simple categories for heterogeneous country groups– Significant investments & technologies from emerging economies– Important initiatives for global cooperation from the “South”

... however, it takes time to change paradigms!

Implications for Latin America and its regional integration

1. Set the course for a sustainable energy future as soon as possible

- ✓ in the long run, there are no trade-offs between economic development and environmental protection
- ✓ exploit potential of "green investment"
- ✓ invest in energy technologies that offer economic advantages in the long term & avoid stranded investments
- ✓ phase out fossil fuel subsidies

2. Leverage the expertise of Latin American frontrunners at the regional and global scale and transmit your knowledge to other countries

- ✓ Ethanol technologies and flex fuel cars in Brazil
- ✓ Brazilian auctions for renewable energy
- ✓ Costa Rica and its goal of a 100 percent renewable electricity supply by 2021

3. Take an active stance in international cooperation on energy (and on sustainable development in general)

- ✓ SDGs proposal by Colombia and Guatemala
- ✓ Join IRENA and influence it from within

Thank you for your attention!

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