

# Cooperation on Energy Efficiency for Climate Change Mitigation

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# What is the Energy Charter Process?

1. Energy Charter Treaty
  - Strengthen rule-of-law on energy issues
  - Reduce risk for energy investments and trade
  - Promote energy efficiency
2. Forum
  - Government, industry, other stakeholders across Eurasia
  - Discuss policies and instruments that can provide a constructive framework for international energy cooperation and enhanced energy security
3. Series of Activities
  - To implement principles of the Energy Charter Treaty
  - Developed by Secretariat in cooperation with subsidiary working groups of the Energy Charter Conference and with the help of the Industry Advisory Panel



# Four Pillars of the Energy Charter Treaty

1. Investment Protection
  - Creates a stable and supportive business and political climate for cross-border investments across its constituency
2. Trade
  - Promotes a well functioning energy market across borders through guidelines on cross-border trade
3. Transit
  - Facilitates discussion among members of the Charter constituency on promoting and securing cross-border energy flows based on the Energy Charter Treaty
4. Energy Efficiency
  - Encourage international cooperation in developing and implementing energy efficiency strategies and policies



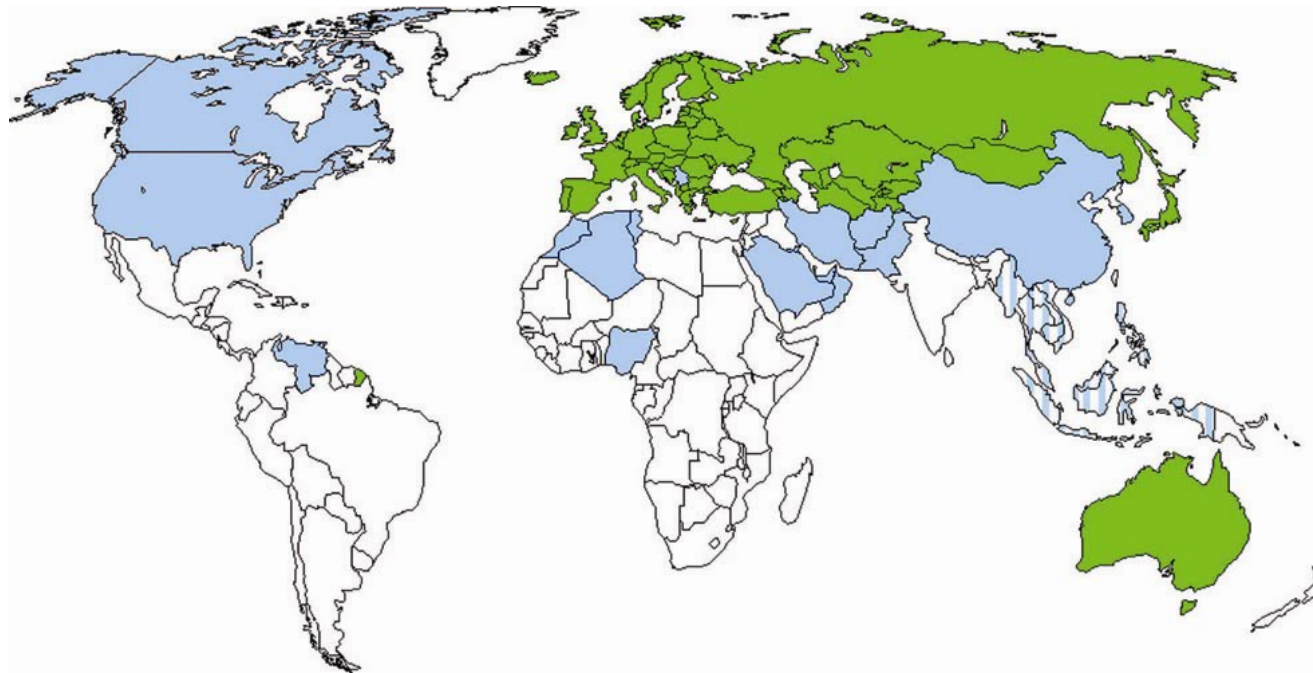
# ECT contains comprehensive dispute settlement mechanisms

- State-state binding dispute settlement on interpretation or application of almost all aspects of the treaty
  - Non-binding consultation mechanisms for disputes on environmental issues or competition
- Investor-state arbitration for investment disputes
- Special provisions (based on WTO) for inter-state trade issues
- Conciliation procedure for transit disputes



# Energy Charter Process

- Energy Charter Conference is the governing and decision-making body for the Energy Charter Process



- 51 Signatory Countries represent:
  - Around 40% of global GDP
  - Around 40% of global gas production
  - Around 25% of global oil production



# Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA)

- **Formulate and implement EE strategies and policies**
- **Create appropriate legal, regulatory and institutional frameworks**
- **Develop, implement, and update EE programmes**
- **Encourage new approaches of financing EE**
- **Co-operate internationally and assist each other**



# PEEREA Activities

## Review Progress in Member Countries

- In-depth reviews (18 since 1999)
- Regular reviews (60 since 1999)
- Follow-up reviews (6 since 2004)
- Regular updates from Members

## « Horizontal » Studies

- 20 reports since 1999

## Events, information sharing, cooperation

- Esp. IEA, UNECE, UNFCCC



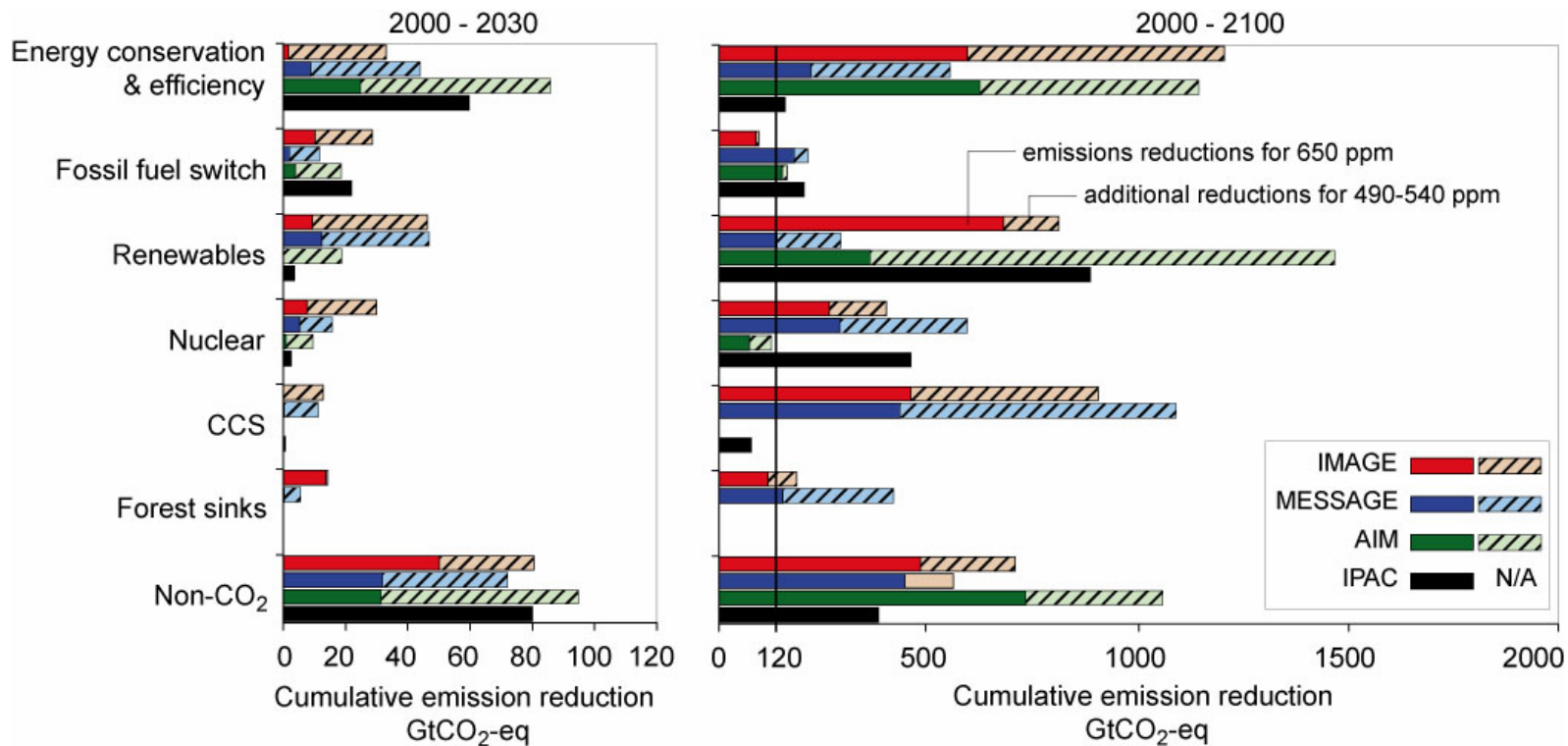
# Energy Efficiency's role in Climate Change

Wide agreement that EE is cheapest, best option in short term

- Considerable long-term potential as well

IEA estimates EE will account for:

- about half of abatement to 2030 (return to current levels)
- about one-third of abatement to 2050 (halve emissions by 2050)



Source: IPCC



# How much investment is needed?



## **UNFCCC “Investment and Financial Flows to Address Climate Change”, 2007**

- to return to current emissions levels by 2030
- annual investment of \$150 billion in 2030 in EE
  - Of this, \$60 billion in developing/transition countries
  - On top of \$400 billion p/y in clean energy supply

## **IEA “Energy Technology Perspectives 2008”**

- to halve emissions by 2050 (Blue Scenario)
- \$45 trillion in investment to 2050
- 36% of savings from end-use efficiency



# Where will investment come from?

“When considering means to enhance investment and financial flows to address climate change in the future, it is important to focus on the role of private-sector investment as they constitute the largest share of investment and financial flows (86 per cent)” - UNFCCC

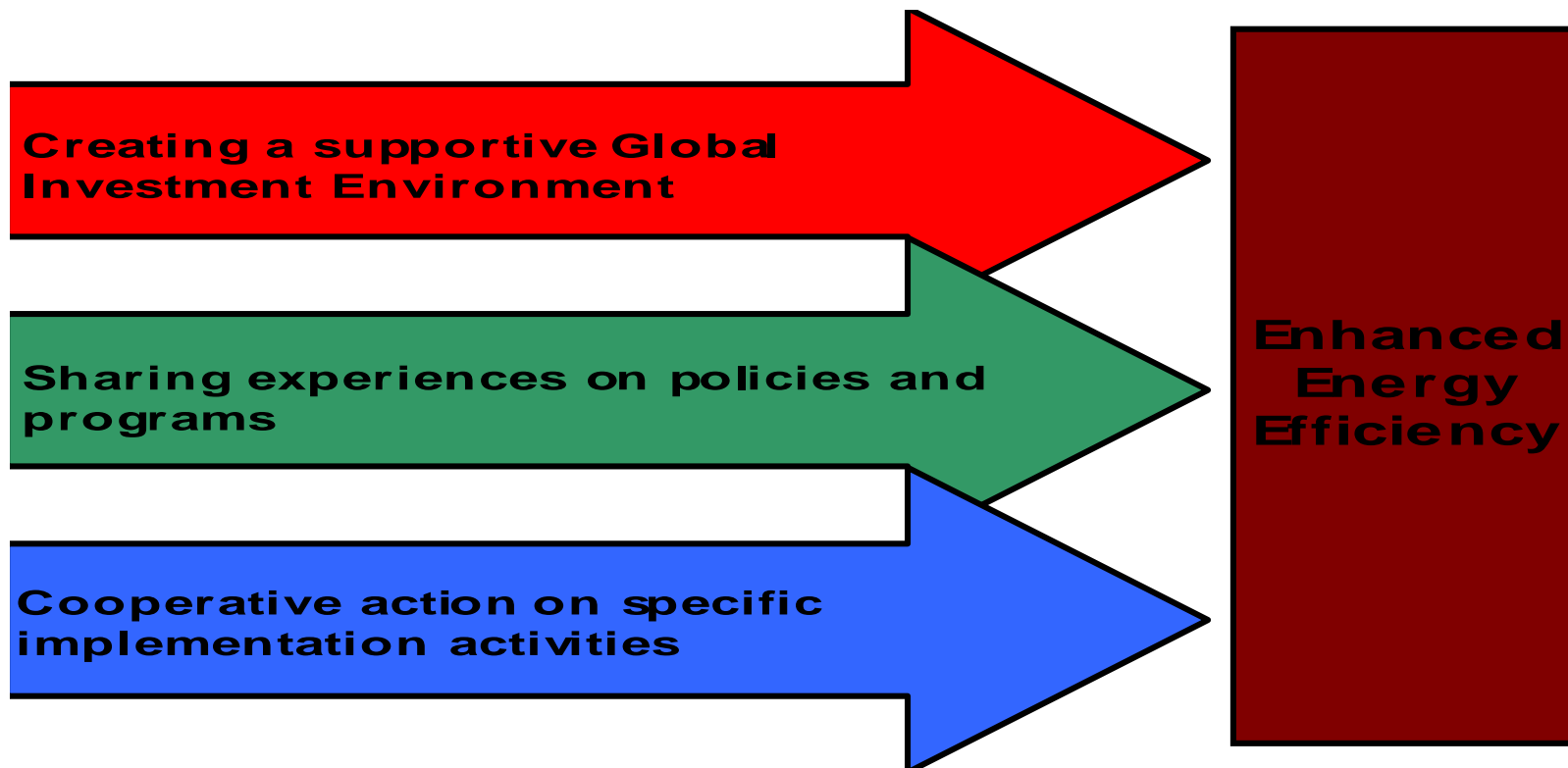


# What is needed?

1. Underlying Investment Framework
2. Energy Efficiency Institutional Framework
3. Well-targeted Programs
4. Enhanced International Cooperation



# Role for global cooperation





# Basis for EC/UNECE Cooperation

## Many similarities.....

- Common Objectives
- Historical Links
- Similar membership

## ...but also different focus

- Energy Charter reviews provide basis for specific national action
- Legal commitments underlie Energy Charter
- UNECE access to finance



# Possible cooperative activities

## **Energy Charter Reviews strengthen focus on use of UNECE funding**

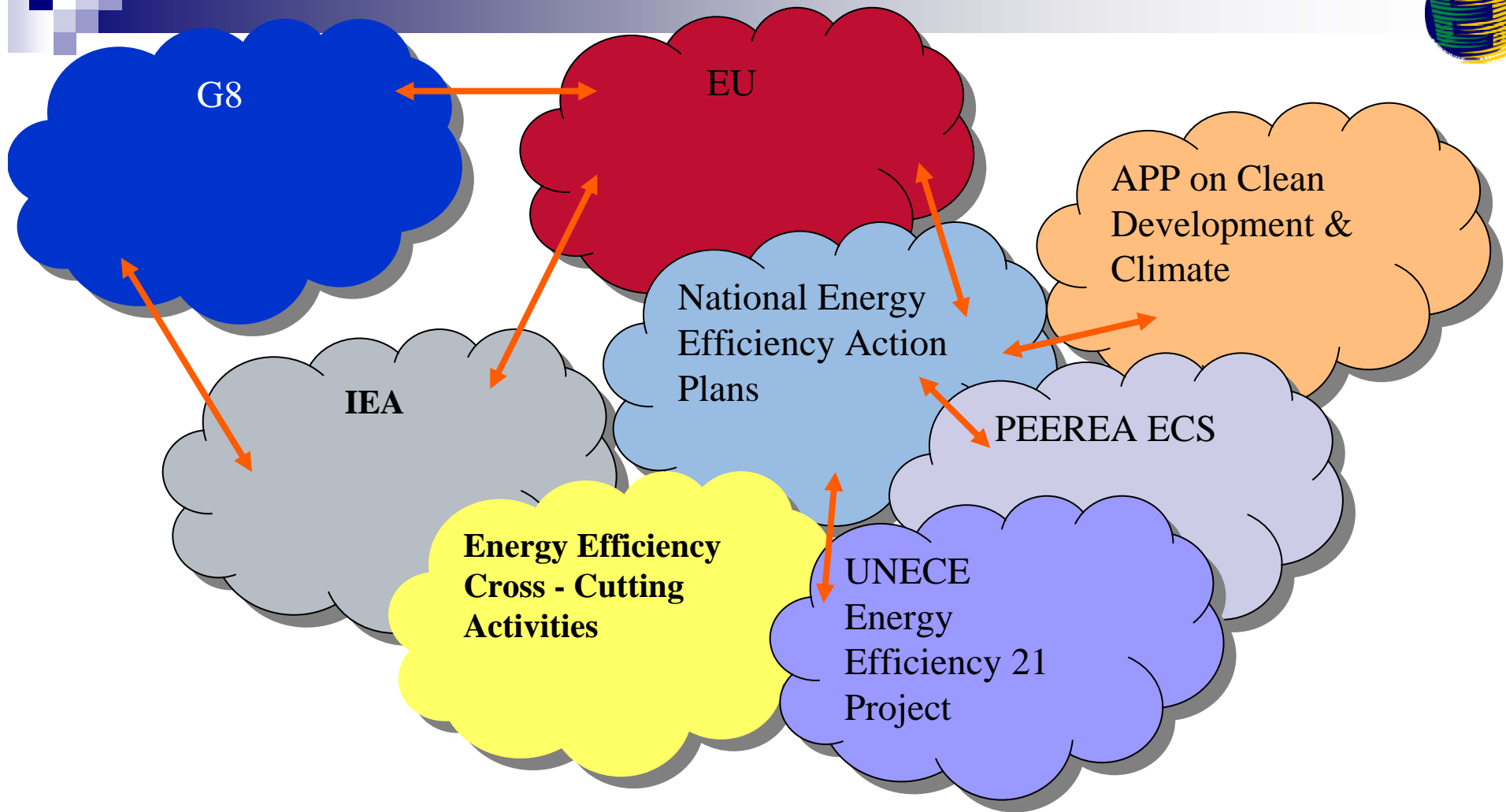
- Identify priority projects
- Better links between strategies and projects
- Additional outcomes for review process

## **Identify priority areas for financing across regions**

- For example, district heating renovation
- Use finance to transform markets in targeted areas
- Focus on policy/program support in PEEREA

## **Common membership on relevant committees, for example:**

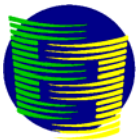
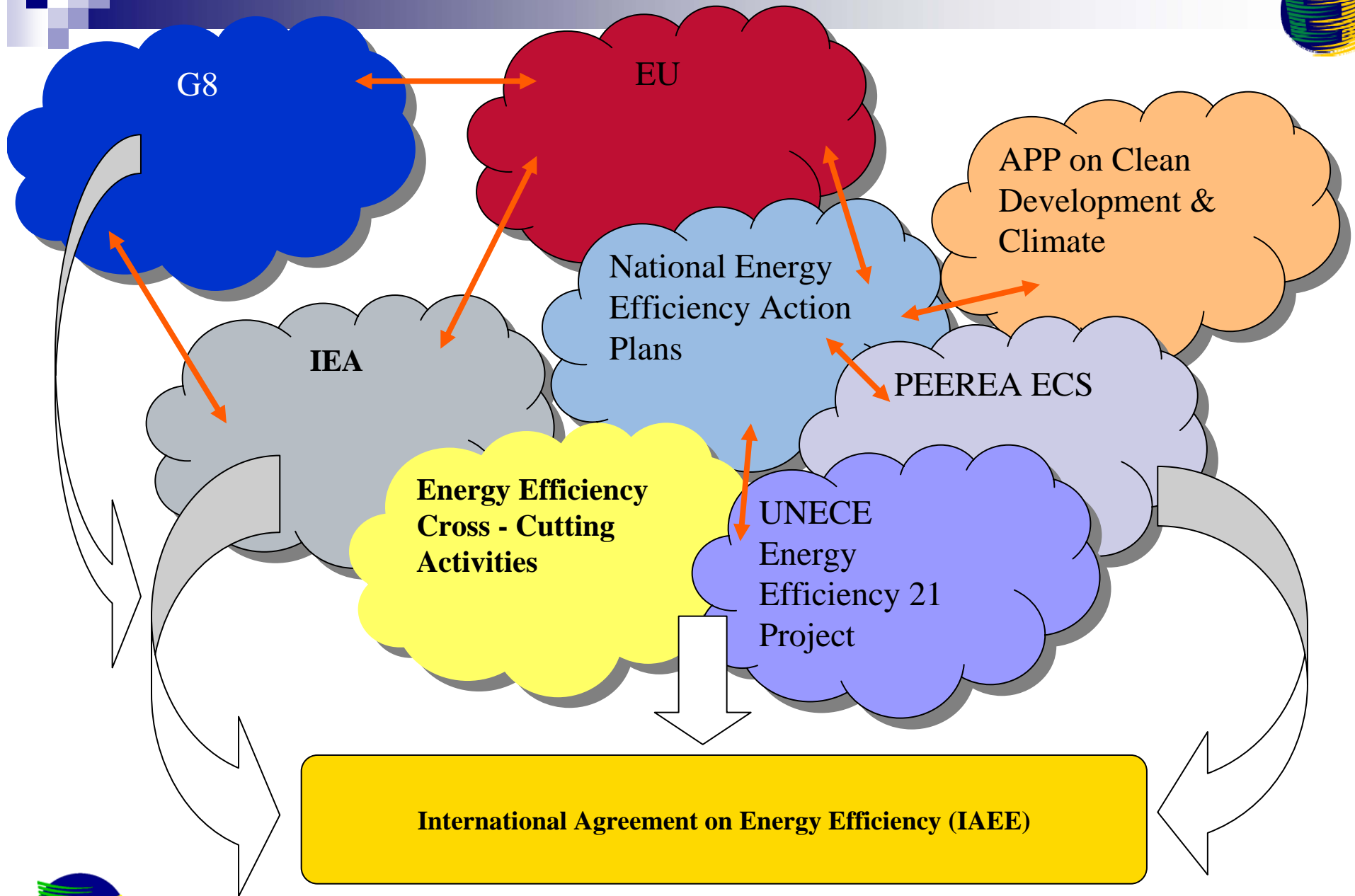
- ECS on finance reviews
- UNECE on review teams

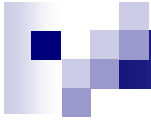


Energy efficiency policies and measures ongoing at world level



Industry Advisory Panel meeting – 13 September 2007





# Thank You!

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