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Submission on the Establishment of an Ad Hoc Working Group on the Durban Platform for Enhanced Action

Views on options and ways for further increasing the level of ambition

The Global Wind Energy Council welcomes the opportunity to express its views on the *Establishment of an Ad Hoc Working Group on the Durban Platform for Enhanced Action* in 2012. The launch of a work plan towards 2015 is timely and much needed to increase the mitigation ambition, especially in light of the overall low pledges brought forward by Parties so far for the period until 2020.

We believe that the work plan for the AWG on Durban Platform for Enhanced Action should be an ongoing and focussed process with regular assessment of the remaining ambition gap, further options to increase mitigation ambition and progress towards the agreed objective of preventing dangerous climate change.

A work plan should look specifically at increasing ambition of the period until 2020 and work towards ensuring sufficient ambition in the new instrument to be agreed at COP21. The work plan should be closely linked to the 2013-2015 review. The review will have the findings of the Fifth Assessment Report of the IPCC (AR5) as a main source of input, giving additional clarity on the scale of the ambition gap as well as areas of concern related to the progress towards achieving the agreed temperature goals. The work plan should include discussion and adoption of comprehensive action on combating climate change taken as a result of the review.

However after Durban, the UNFCCC process has lost its relevance for investment decisions in the short term. Nevertheless, we believe clean energy businesses and industry will be strongly encouraged by clear and long term expression of emission reduction targets along with a global, legally binding agreement to keep global warming below 2^0C.

Today wind energy is being deployed at a large-scale in almost all major economies of the world. Wind energy will significantly reduce emissions and be an immediate partner in decarbonising the power sector as a first step to a fossil free world. In the tough economic conditions manifest across the world indigenous sources of energy such as wind and other renewables address both the economic and the climate crisis.

Governments must take action now to provide a politically binding outcome at COP 21 in 2015, creating emissions reduction units that the wind industry and others can take to the bank and if necessary to court. Hence the common framework of rules on new

bilateral or regional market mechanisms (including the CDM and JI) have to be comprehensive and stringent to avoid double counting and a race to the bottom for environmental integrity criteria. There is a good business case for increasing the pledges and targets by developed country parties with no accounting loopholes. These are vital to increase the level of ambition of the climate agreement and to provide a clear signal to the renewable energy industry and in particular to the global wind industry.

After Durban, the UNFCCC process at very high risk of losing its relevance for investment decisions:

While UNFCCC negotiations have been on-going since December 2007 at COP13 in Bali to find a post-Kyoto framework, a robust global agreement to combat climate change has been yet again postponed, to 2015 this time, with application only from 2020. This means that the relevance of the UNFCCC process for business investments decision in sectors having an impact on climate – i.e. almost all business decisions – has disappeared for now. With it the key international incentive to re-orient production processes towards a sustainable energy future was also lost.

Fortunately, national efforts and targets have kick-started transitions towards renewable energy development in many countries, and actions and legislation have enabled some climate friendly technologies to progress enough to make a significant contribution to emission reduction and avoidance.

Wind energy is being deployed at large-scale in almost all major economies

While UN discussions are moving ahead slowly, development on the ground in numerous countries proves that reducing emissions is both possible and beneficial for economies increasingly reliant on energy imports at a time of difficult economic conditions.

The wind industry installed just over 41,000 MW of new clean, reliable wind power in 2011, bringing the total installed capacity globally to more than 238,000 MW at the end of last year. This represents an increase of 21%, with an increase in the size of the annual global market of just over 6%. Today, about 75 countries worldwide have commercial wind power installations, with 22 of them already passing the 1 GW level.

For the second year running, the majority of new installations were outside the OECD, and new markets in Latin America, Africa and Asia are driving market growth. But at the end of the day the wind energy sector will be hard pressed to keep the industry's growth up to its potential without a global price on carbon and other measures to account for the real costs to society of conventional power generation.

Wind Energy will significantly reduce emissions

In 2011 wind energy provided the world with 585 TWh of GHG-free electricity, avoiding about 351 Mt of CO2. This is equivalent to 36% of what Annex I parties have committed themselves to within the Kyoto Protocol, a very significant achievement.

For 2020, as the table below illustrates, estimates of the aggregate level of Annex I countries pledges enable comparison with what science considers necessary to have a 50% chance of avoiding a temperature increase of above 2°C. But while science clearly states that reductions by 2020 should be in the 25% to 40% range for industrialised countries, so far, estimates of total aggregate pledges range from 12% to 18% of 1990 emissions levels, depending on whether one considers the low range or the high range of the pledges.

By comparison, wind energy could provide by 2020 the equivalent of between 46% and 69% (high/low pledges) of the pledges on the table[1]. Compared to the more ambitious scientific recommendations, wind avoided CO_2 would still be equivalent to between 21% and 33% of the reductions needed to avoid dangerous climate change.

World wind power-avoided emissions versus COP16 pledges and science in 2020

	2020 pledges 12%	2020 pledges 18%	2020 science 25%	2020 science 40%
Global installed capacity (GW)	1,071	1,071	1,071	1,071
Global production (TWh)	2,628	2,628	2,628	2,628
Global avoided CO_2 emissions (Mt)	1,577	1,577	1,577	1,577
Annex I countries effort (Mt)	2,270	3,404	4,728	7,565
% of effort met by global wind	**69%**	**46%**	**33%**	**21%**

Decarbonising the power sector as a first step to a fossil free world

As recognised by the European Commission in its 2010 and 2011 communications on "*Options to move* [EU climate targets] *beyond 20% GHG reductions by 2020*" the power sector is key to decarbonise economies. This is true in developed countries, but also in rapidly industrialising countries like those from the BASIC group.

Reducing emissions in transportation, agriculture and industry are sectors will be possibly more difficult, for lack of competitive appropriate technologies or because of the implied change in behaviour that it requires from consumer side – a change meeting a lot of resistance.

In the power sector, switching from one technology to the other is relatively easy since investors only need the right regulatory signals to shift investments from one technology to the other. GHG reduction targets are one of these signals, a signal that is currently failing to provide any incentive at global level. Renewable targets, whether national, or regional over several countries are another that has proven very successful where it has been implemented.

[1] Calculations based on the GWEC scenarios to 2020 as presented in the Global Wind Energy Outlook 2010

Advocating for RES targets in UNFCCC member countries

Despite the fact that the UNFCCC negotiations are unlikely to yield the right signals before 2020, governments have and can act nationally to address the climate and energy crisis.

National renewable energy targets, alongside support mechanisms addressing the lack of a level playing field with other technologies, have thus far been instrumental in deploying renewable technologies and contributing to emissions reduction over the past two decades.

Targets stimulated innovation and helped renewable energy technologies move down the cost curve with particularly astonishing results in the wind and solar photovoltaic sectors. Today wind energy in Brazil is competitive with natural gas and all other generation sources, as was shown in recent power auctions and wind energy is becoming directly competitive with new-build conventional generation sources in an increasing number of markets. This number is increased substantially if a carbon price is included, and increased even further if hundreds of billions of extant and long-standing subsidies to conventional energy sources are taken into account. Several other countries have much better wind resources than the EU, the historic birth market for renewables and can hence benefit from lower costs of clean renewable electricity.

While other actions, like grid expansion, better market design, or support for RD&D, are important, renewable energy targets are a proven policy instrument that can be used nationally to achieve several economic and environmental goals and address several developmental and health issues.

Wind energy and renewables address both the economic and the climate crisis

While the world currently faces one of the longest economic downturns, renewable energy provides both timely and cost-effective climate solutions. Solving one crisis doesn't have to be at the expense of solving the other. There is now widespread consensus and empirical proof that the development of renewable energy technologies is a major driver of growth in the energy sector. Beyond climate mitigation, the renewable energy industry brings a number of other macroeconomic benefits in addition to mitigation of climate impacts:

- Creates industrial development and export opportunities across markets
- Lowers import dependency of a country's energy sector and shelters their respective economies from widely fluctuating fossil fuel prices
- Reduces variable and increasingly expensive fuel costs, with savings that can be re-invested towards development of other sectors
- Creates jobs locally
- Avoids CO2 risk for investors
- Reduces environmental impacts and saves health care costs

Governments must take action now!

The climate crisis cannot be ignored any more. The pledges formalised at COP16 in Cancun in December 2010 do not bring us closer to avoiding a 2°C target and entail gaps in the design of the post 2012 treatment of AAUs and LULUCF accounting rules. It is essential that these countries with pledges that would result in new hot air during the post-2012 period should not be allowed to sell those AAUs. Countries that do not enter a second Kyoto commitment period should not be able to buy or sell any AAUs in the second commitment period. It is critical that the carryover of AAUs be limited to avoid new hot air in the system. Some Parties have finally stepped up to address the issue.

The low level of pledges remains the main cause for concern, and there will be no solving the climate crisis without decoupling growth from emissions, without strong climate signals, both at national and international level, and without an enabling environment for new technologies reducing emissions.

Furthermore, while the CDM has been an effective mechanism to kick-start renewable markets in developing countries, the lack of further ambitious targets means that demand is also lacking on carbon markets, negating the entire CDM incentive and endangering investments already made.

Conclusion

In the interim period upto 2020, all developed country parties must increase their pledges and targets and all developing country parties must develop clear plans for reducing their emissions below business as usual. It is in the economic interest of governments today to position their countries as front-runners in the race towards a clean energy future. This can be achieved through several policy measures from RD&D support to direct support mechanisms, supported by ambitious GHG emission reduction targets and/or actions.

The global wind industry calls on governments to recognise that reducing emissions is not a burden, but an economic and sustainable development opportunity, creating green jobs at home, enhancing state balance sheets by stimulating national economies, and avoiding a fatal reliance on imported conventional fuel choices which are both costly and damaging to the environment.

We once again welcome the opportunity to be able to input our views on options and ways for further increasing the level of ambition

Kind regards,

Stephen Sawyer

Secretary General

Global Wind Energy Council