

**SESSION TITLE:**

Top of the Heap: How do you get to be the most energy efficient economy in the world?

SPEAKER SUMMARIES:

Barbara Finamore, Senior Attorney and Asia Director, China Program, Natural Resources Defense Council

- The goal of the panel discussion is to encourage an open dialogue to develop central themes that are common to different countries' efforts to advance energy efficiency in their economies.

Dr. Nawal al-Hosany, Director of Sustainability, Masdar

- Dr. al-Hosany provided a broad overview of the numerous sustainable features of Masdar City, from buildings and transport to renewable energy production. She also framed the project in terms of economic diversification and development.

Odon de Buen, Director General, National Commission for the Efficient Use of Energy

- Mr. de Buen began noting that over half of Latin American countries are energy importers, suggesting the focus should be on maximizing energy services rather than commodities. Enabling the market to better deliver these energy services requires a blend of both technology and policy.

Gabrielle Kuiper, Senior Adviser, Climate Change, Energy and Environment, Office of the Australian Prime Minister

- Ms. Kuiper discussed the recent initiatives that Australia has taken to advance energy efficiency in its economy, including regulatory approaches that are matched by financial approaches in an effort to better mobilize market forces.

Dominic Marcellino, Fellow, Ecologic Institute

- Mr. Marcellino introduced the European Union as an example of striving for energy efficiency: top down policy and regulatory approach with flexibility at member level to ultimately implement locally. He further discussed specific country level circumstances that influence the mode of implementation, and the importance of continuous assessment to measure progress.

SESSION WRAP-UP

The panelists provided a range of perspectives on how energy, as well as energy efficiency, fit into the broader economy of specific countries and regions. Throughout, they identified broad common themes of successful characteristics, while recognizing the need for flexibility to address unique circumstances at the national and local levels. Through comments and colloquy, the following components were repeatedly cited as important to advancing energy efficiency in a nation's economy:

Optimize information

Improving the availability and accuracy of information about energy consumption is widely cited as a precondition for market transformation; however, the information needs to be tailored to the user and the context. Mandatory evaluation (and sometimes reporting) of energy performance is an example where greater information can induce better results, at the building level through green rating programs like CASBEE in the UAE or BREEAM in the UK, or at the entity level, as with efficiency analyses for large



energy-consuming companies in Australia.

Provide the right price signals

At different points, panelists discussed the role that prices play in creating a more fertile environment for energy efficiency. Subsidies for traditional energy sources have the effect of distorting the price signals that might incent greater energy efficiency. Adding a price to the environmental effects of energy, whether through a carbon tax or an emission cap, is a component of a transition to greater energy efficiency, but it must be coupled with technical and financial capacity. At times, the interaction of the energy market with other markets can create conflicts and difficulties. For example, where high interest rates prevail, the price of borrowing money (the interest rate) may exceed the benefit of conserved energy (or, in Spanish, “the broth is more expensive than the meatballs.”)

Change governments and institutions

While the government can help lead the transition to energy efficiency, it must work with other institutions to scale up the transformation. Understanding the perspective and limitations of key actors like utilities and lenders enables targeted solutions that pool demand, reduce risk, and resolve fundamental conflicts. Government must establish and maintain clear and consistent standards on technology as well as market conditions.

The issue of financing energy efficiency gains came up repeatedly throughout, as financial markets and conditions vary so widely across the countries represented. While proceeds from allowance sales under the European emission trading scheme ostensibly would generate an ongoing revenue stream to fund energy efficiency, the collapse in the emissions market meant the loss of a major financing source. The political trend towards fiscal austerity and the public reaction to changes in energy subsidies have important implications for future advances in energy efficiency.

Panelists introduced and discussed the concept that energy efficiency is emerging as an integral part of broader industrial strategy. In the hydrocarbon-dominant economy of the United Arab Emirates, Masdar City is particularly notable example of efficiency driving a new industrial sector, as revenues from fossil fuels build a model city and acquire an ownership interest in sustainable technology manufacturing worldwide. These physical investments are being paired with developments in education and human capital, as well as communicating achievements internally and abroad. In contrast is the example of the European Union, where broad transnational policies were developed in light of changing population and demographics, uncertainty in the competitiveness of its industrial sector, and a moral and ethical imperative to act on climate change. As a result, a very high-level target was set, but its achievement was not binding at the national or local level, leading to significant volatility and ultimate devaluation of the emission trading scheme. Still, it provides insight into the crucial elements on regulatory structure, enforcement, and finance; energy efficiency must be considered in relation to other policy structures and goals. Learning from these experiences and sharing best practices through multilateral institutions can help to advance better policy more broadly around the world.



ACTION ITEMS & TAKEAWAYS

- Panelists discussed different venues to continue sharing challenges and successes of work on these issues, including the Clean Energy Ministerial's website www.cleanenergysolutions.org.