



Department of Policy and Business Practices

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Energy for sustainable development: a contribution of ICC to CSD 15

Key messages

Business plays a critical role in the energy arena and is ready to continue to work with other key players to address present and future energy challenges. Business would encourage the United Nations Commission on Sustainable Development (CSD) process and follow-up to reflect the following:

- a shared understanding of the interdependence of the elements of global energy supply and demand, and of the need for flexibility in the development of multi-energy systems, appropriate to local resources and needs, taking into account environmental and economical constraints;
- the integration of economic, social and environmental priorities and policies;
- the establishment of enabling frameworks for infrastructure development and deployment of efficient technologies, which include transparent and stable legal, regulatory and economic systems, for investment, finance, and technologies;
- the development of funding and investment approaches pertinent to the long term needs of energy system deployment, and development of appropriate synergies between foreign direct investment, local capital and Official Development Assistance, where needed;
- the pursuit of public private sector partnerships in a framework that encourages energy investment while taking into account partners' appropriate roles and responsibilities;
- a policy framework that encourages the deployment of a wide range of energy and energy efficiency technologies, to maximize their beneficial contributions to sustainable development; and
- the development of public and private sector collaboration for research into and expansion of advanced energy systems.

Cooperative and integrated energy strategies are needed to:

- improve access to energy in both rural and urban areas to support development and poverty eradication;
- enhance energy efficiency;
- reduce environmental impacts of energy supply, transport and use;
- increase the use of advanced energy technologies and renewable energies; and
- ensure energy security.



Energy strategies should rely on converging approaches that address energy supply and use systems, technologies, and financial considerations. ICC believes such approaches should reflect the following key elements.

Access to energy and security of supply

Access to reliable, affordable, economically viable, socially acceptable and environmentally sound energy is fundamental to economic growth and sustainable development. Energy contributes to meeting basic needs, such as clean water, food preservation, transportation, healthcare, sanitation, education and communications. Maintaining and growing the energy supplies and infrastructure required to provide access to those lacking it and to meet future demand with reduced environmental impacts will require significant investment in the long term in every element of the supply and use chain. Access to secure and affordable energy involves a wide range of business actors. Transport, grid maintainers, automotive and energy intensive sectors are also essential parts of the energy chain, and their needs and operating realities should be taken into account by decision-makers.

Multi-energy systems

In light of growing energy demand and security concerns, all energy options should remain open and policymakers should avoid choosing energy or technology “winners” and “losers”. There is no one-size-fits-all solution, and a broad variety of energy resources and technologies will be required to meet the varying needs of individual countries or markets. Keeping all energy options available will enable every nation to tailor addressing energy needs in the most efficient way, in alignment with respective resource base and long-term strategic development objectives. All energy sources should be assessed on their merits and relative attributes, recognising that each faces issues, barriers and opportunities including cost, performance, safety, environmental impact, primary resource depletion and energy security. Innovation may provide solutions that overcome barriers that limit the use of some technologies today. Public policy should establish criteria and guidelines for safe and environmentally responsible production and use of energy, and suppliers should innovate and compete to meet requirements in the most effective way. Public acceptance should be considered in this approach, and be motivated by pertinent and complete information.

Energy efficiency

Energy efficiency is another critical component of any comprehensive sustainable energy strategy. Governments should continue to promote and support energy efficiency among producers and consumers of energy. While this can make a major contribution to meeting growth in energy demand, growing a diverse range of energy supplies and improving access to them is still essential. However more is needed to turn ideas into action. Business supports and practices energy efficiency, and given the right fiscal and regulatory frameworks can support governments in improving the efficiency of current systems whilst reducing future demand.



Integrated energy policies

Energy supply and use poses political and economic issues related to economic growth, security, employment, investment, greenhouse gas emissions, environmental impacts and trade. Consequently, energy challenges should be addressed through integrated policies reflecting a broad range of issues including development priorities and needs; social conditions and aspirations; trade rules; environmental policies; and the promotion of innovation together with technology development and transfer policies and energy efficiency. In addition, consumer understanding, behaviour, choice and decision making are key factors for successfully addressing energy challenges. The way consumers use energy and maximize the recovery of energy through, for example, recycling, has the potential to impact significantly on the supply side. Therefore, consumers have to be educated about and be provided with appropriate incentives, choices and options for energy that is more sustainable.

Market and price driven approaches

For markets to work efficiently and effectively, prices should give customers a clear basis for their decisions while ensuring optimal resource allocation. In many energy markets, distorted signals are being sent by counter-productive subsidies. ICC believes that the free market is the best framework for efficient deployment of energy resources and for planning and investment in future capacity. As a last resort, subsidies could enable access to energy for energy-poor populations, and for countries in transition to more commercial merchant economies. When used, they must be transparent and be utilised with a view to catalyse a sustainable activity. They should be consistent over time and include definitive exit strategies, which will enable the long term economic viability of the activities induced by this access to energy.

Economic and enabling frameworks for sustainable energy systems

Efficient implementation of integrated energy policies requires enabling frameworks supported by good governance that provide an attractive and secure investment environment. Required enabling framework conditions include transparent and stable economic rules; scientifically-based uniformly enforced regulatory systems, the rule of law; the protection of intellectual property and safe and stable communities. Due to its unique relationships with governments, concerted anti-corruption, solicitation and bribery efforts in the energy industry remain a priority. Governments have an important role to play in assisting companies in the prevention of bribe solicitation as well as in prosecuting offenders. ICC at the international level is strongly involved in raising awareness and promoting good practices.

Responsible Public Private Partnerships for energy services

Governments, national or local, businesses, and other key stakeholders should work in partnership to provide sustainable energy services. To be successful, these partnerships should reflect the skill sets and resources of each partner, and be developed with a long-term view appropriate to energy investment. The business community regularly works with partners to identify, develop, commercialize and deploy technologies suited to



individual national priorities, resource availability and development strategies. Business will continue to play an important role in finding solutions, within its sphere of responsibility, in partnership with other stakeholders. Governments, business and civil society need to partner to leverage resources to provide training, share knowledge and skills, share more sustainable energy technologies and cooperate to accelerate their dissemination.

Long term planning and investment time scales

Evolution of energy systems involves considerable time and expense to alter energy and raw material inputs, operations and products and to develop and introduce technological innovations, as well as to establish the infrastructure to support them. Policy makers should strive for a consistent framework over the typical period of investments, which in the energy sector can amount to several decades. Policies should take these long term considerations and realities into account, and strive for consistency and predictability over the corresponding time span, taking into consideration the lifetime of existing facilities and infrastructure.

Financing for energy

Mobilizing required energy investments will be a key challenge for decades. Financing for energy investment cannot be taken for granted, and enabling conditions in any given country's energy sector will affect investment flows. For energy producing and transmission systems as well as large energy-intensive industries, capital equipment lifetimes range from 30 to 50 years, sometimes even more. Thus energy frameworks must take these long time frames into consideration. Innovative financing solutions that create synergies between sources of finance are also necessary to encourage energy investment. In countries with limited capital, and specifically for least developed countries, the role of foreign direct investment should be complemented by funding from intergovernmental organizations, Official Development Assistance, and local private funds. Through such innovative financing solutions, project creation and implementation benefit from a variety of sources of funds, which are mutually reinforcing, each fund being adapted to the type of investment and risks it covers.

Research and Development

To expand and take advantage of the full potential of energy options, all relevant stakeholders should allocate resources to research and development of new technologies all along the energy chain. Businesses dedicate substantial resources to technology advancement and the development of innovation. Business should also be a partner in defining mechanisms to identify, develop, commercialise and transfer technologies aligned with national priorities and development strategies. In order to accelerate the development and deployment of technologies, large demonstration or pilot activities should be considered to develop capacity and increase the rate of uptake of key technologies.



Education and skills development

To operate effectively, and especially to develop and deploy advanced technologies, business relies on the availability of well-trained and motivated scientists and engineers. Education is essential to supporting research and facilitating efficient deployment and operation of energy technologies. Furthermore, education is important for helping users make smart energy choices.

Conclusion

Business is at the forefront of energy exploration and delivery. Businesses of all sizes and sectors all over the world depend on energy to deliver products and services. The business community has a central role in policy implementation, economic development and technological innovation and more specifically because of its role in development, in delivering, in utilizing energy technologies and energy services. Business is a constructive contributor and indispensable participant in the effort to deliver energy for sustainable development – alongside governments and civil society. Business is also a willing partner through provision of resources, innovation, development and deployment of technologies to allow access to and more efficient use of energy. Business depends on supportive governmental policies and actions to help create a sustainable future. Finally, business requires secure and reliable access to energy in order to meet the needs of the world economy.

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About ICC

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. The fundamental mission of ICC is to promote an open international trade and investment system and the market economy, and to help business corporations meet the challenges and opportunities of globalization. Business leaders and experts drawn from ICC's global membership establish the business stance on broad issues of trade and investment policy as well as on vital technical subjects. ICC was founded in 1919. Today it groups thousands of member companies and associations from 130 countries.