SETTING THE STAGE FOR DEPLOYING LOW-CARBON TECHNOLOGIES


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Franck JESUS
Head of the Environment Division
OECD, Trade and Agriculture Directorate
Creating demand for low-carbon technologies (i)

• Firms and households will not adopt low-carbon technologies out of sheer altruism.

• There needs to be proper incentives in place, including a broad and coherent set of regulatory instruments putting a price on carbon and other pollutants (either implicitly or explicitly).
Mitigating climate change requires not only introducing new policies but also adapting old ones.

Fossil-fuel subsidies are one case in point since they constitute a strong impediment to the adoption of low-carbon technologies.

Key to reforming fossil-fuel subsidies is making information on support available to decision makers and the broader public.
Ensuring a stable and competitive environment for investors (i)

- **Import tariffs and non-tariff barriers** to EGS trade should be removed to **improve countries’ access** to low-carbon technologies.

- Policies favouring domestic producers, such as **local-content requirements**, actually **slow the adoption of low-carbon options** by making them more expensive.

- Care should thus be taken to ensure that **government support measures** for low-carbon technologies do not restrain trade.
Ensuring a stable and competitive environment for investors (ii)

- Ensure that the policy framework for investing in low-carbon infrastructure is predictable, transparent, and that contracts are properly enforced.

- Level the playing field for independent power producers (IPPs) and state-owned enterprises (SOEs) in order to tackle market rigidities that favour fossil-fuel incumbency in the electricity sector.

- Facilitate cross-border trade in electricity as a way to address the intermittency of certain renewable energy sources (e.g., solar and wind).
Demand for and penetration rate of low-carbon technologies in EECCA is generally low

- Low-carbon transition in the countries of EECCA will most likely rely on natural gas in the short-term, as the use of renewable energy is still very low.
- Low levels of public and private green investment - financial and capital markets expanding but insufficiently developed.
- Private equity/Venture capital firms – very few (between 2 and 5 per country, 13 in Ukraine).
- Environmental credit lines provided by IFIs and disbursed through local commercial banks in EECCA – by large, the most significant source of long-term wholesale finance in the region – total by 2013: EUR 1.6 bln.
- 70 EECCA banks have benefited from such credit lines.

**Consumption of fuels as a share of total, 2013**

Renewable energy support policies in EECCA, 2011

- Experience of practical policy-making and implementation in support to low-carbon technologies is still limited in EECCA
- A number of policies have been developed in EECCA but their efficiency is somewhat undermined by inadequate pricing methods

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- Belarus
- Kazakhstan - ✓
- Kyrgyz Republic - ✓
- Moldova - ✓
- Russia - ✓
- Ukraine - ✓

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• Contact us:
  – Franck.JESUS@oecd.org
  – Jehan.SAUVAJE@oecd.org
  – Ronald.STEENBLIK@oecd.org
  – Nelly.PETKOVA@oecd.org