

The role of ESCOs in the context of Nationally Determined Contributions (NDCs)

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Webinar Global ESCO Network

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Agenda

- 1. Paris Agreement key elements
- 2. Status and outlook 2021
- 3. What does 1.5°C mean at the sector level
- 4. Planning, entry points and opportunities

NewClimate Institute



- Climate policy think tank
 - Founded in 2014
 - Based in Cologne and Berlin, Germany
 - Ca. 35 colleagues
- Areas of work
 - International climate policy agenda
 - Supporting the implementation of the Paris Agreement
 - Analysis and conceptual work on climate policy, climate finance, market mechanisms
 - Linking to sustainable development agenda
- Associate member of the NDC Partnership



The Paris Agreement







Global:

-)) 1,5/2°C: Limit temperature increase to "well below" 2°C and efforts to limit to 1.5°C
-)) Global GHG emissions to reach net zero in the second half of the century (and negative thereafter)
- Alignment of all financial flows with the goals of the Paris Agreement (Article 2.1c)

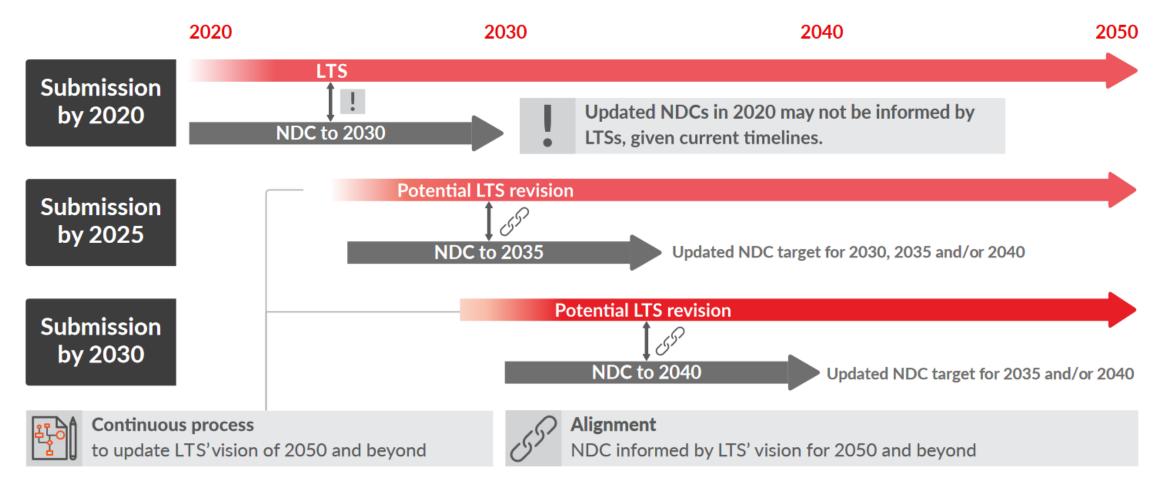


National:

- All countries submit national commitments (Nationally Determined Contributions, NDCs).
- Contributions to be updated every 5 years showing an increase in ambition until global goal is achieved
- Framed by long term low emission development strategies (LTS) to be submitted in 2020/ 2021

NDC and LTS planning cycles

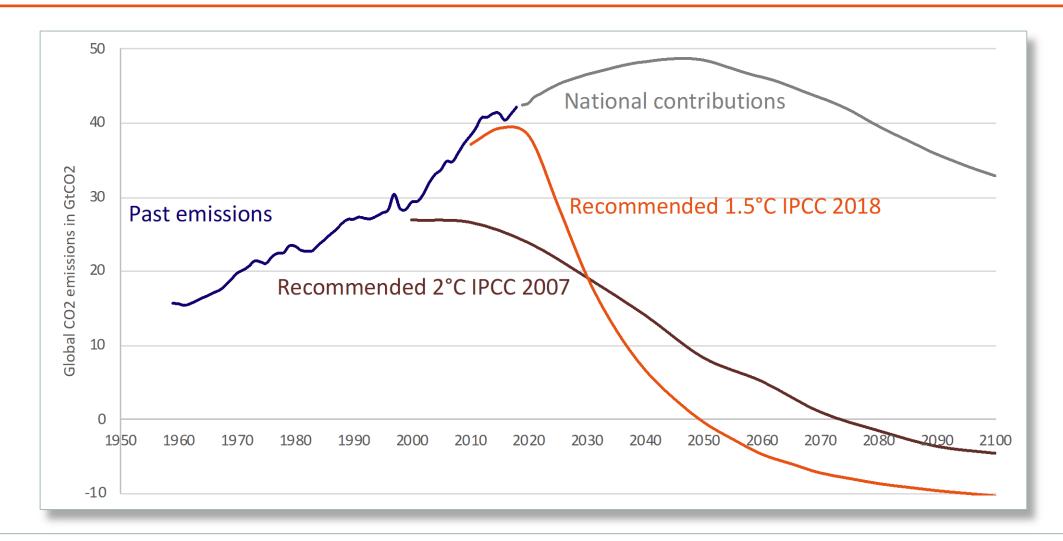




Source: NewClimate Institute, 2020

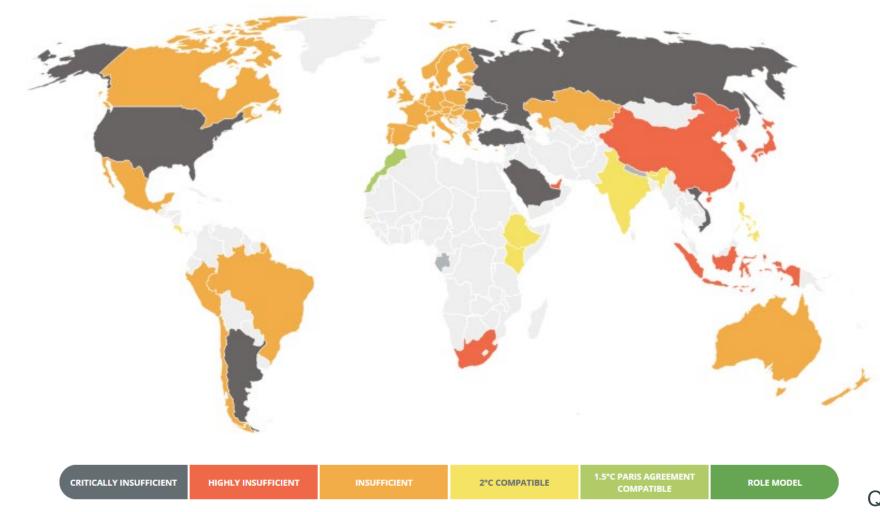
We already lost a lot of time...





Assessment of current NDCs

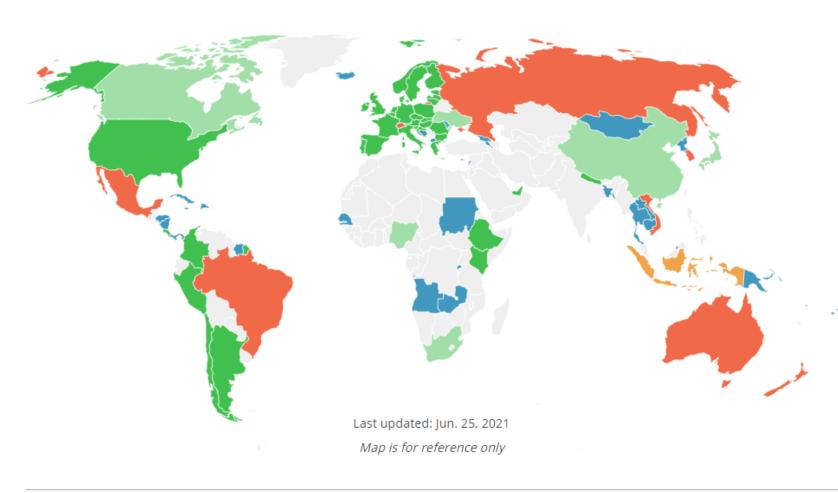




Quelle: www.climateactiontracker.org

Status of updated NDCs in June 2021





CLIMATE TARGETS

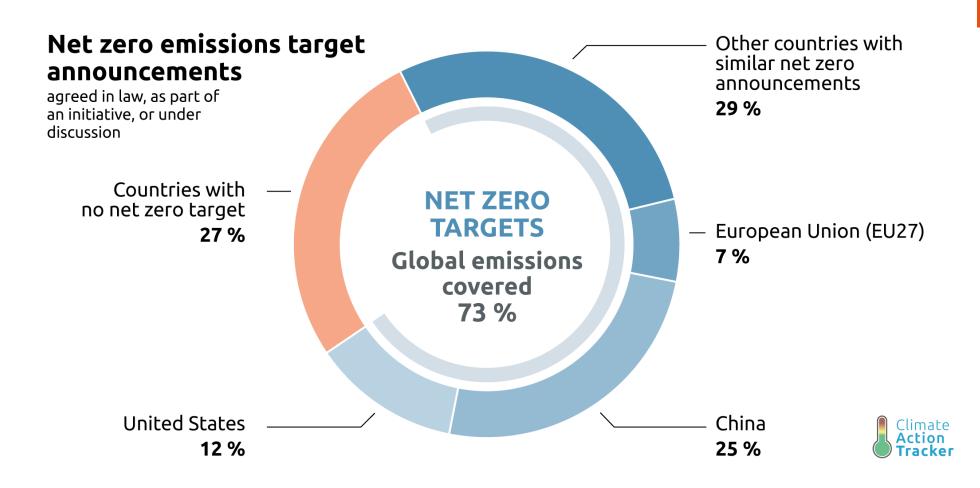
Status of the NDC update process

- Countries have **submitted** new NDC targets (58 countries plus the EU27)
 - Countries we analyse have submitted stronger NDC targets (12 countries plus the EU27)
 - 9 Countries we analyse did not increase ambition
 - Countries we do not analyse submitted new NDC targets
- 7 Countries have **proposed** new NDC targets
 - Countries we analyse have proposed stronger NDC targets
 - Country we analyse stated it will not propose more ambitious targets
 - O Countries we do not analyse proposed new NDC targets
- 98 Countries have not updated targets

Long-term strategies: net zero gaining momentum CLIXATE



Countries



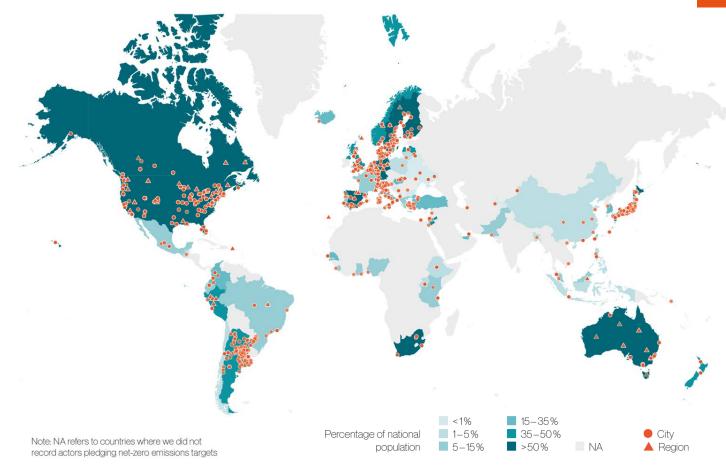


Long-term strategies: net zero gaining momentum CLIXATE



Map of cities and regions pledging some form of net-zero emissions target

Regions & cities



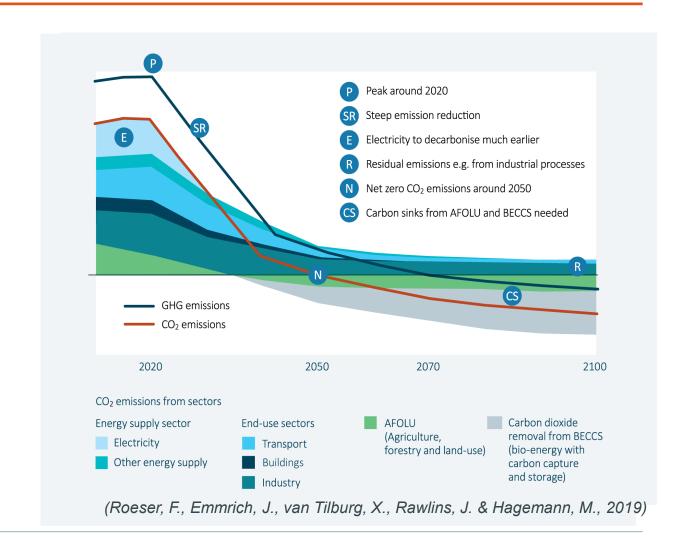
Source: NewClimate Institute & Data-Driven EnviroLab (2020), Available at: https://newclimate.org/wp-content/uploads/2020/10/NewClimate_NetZeroReport_October2020.pdf



What does climate neutrality mean?

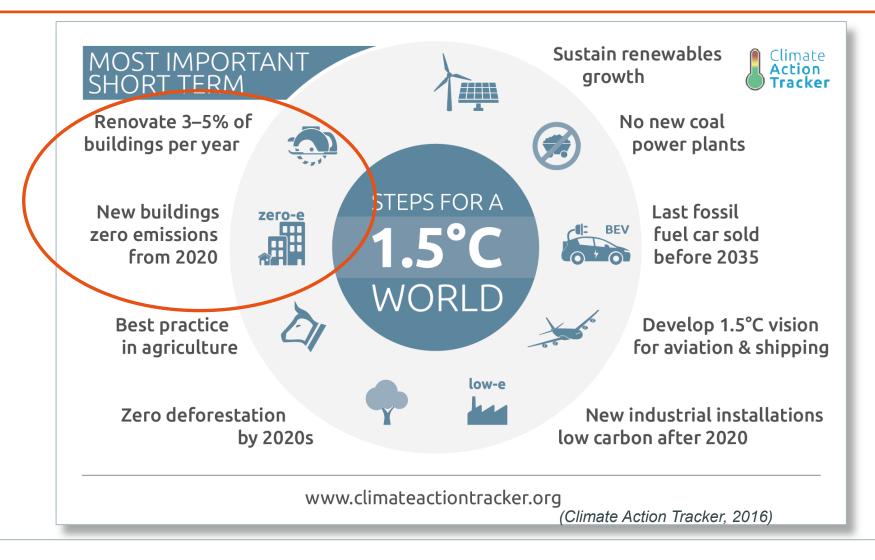


- All countries need to reduce emission to zero
- Different sectors decarbonise at different speeds
- Some sectors are easier to decarbonise and need to compensate for others
- Countries have different starting points with industralised countries needing to decarbonise faster
- Significant progress needs to be made by 2030 – global emissions halved
- >> Huge transformation challenge...



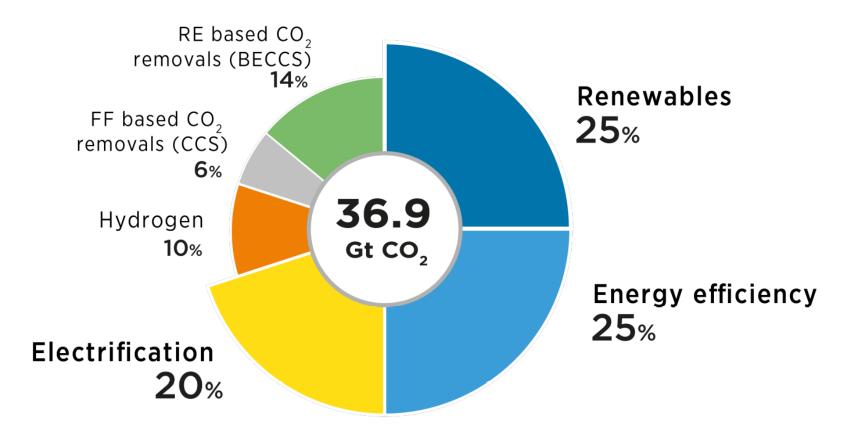
What needs to happen for 1.5°C?





Role of energy efficiency for 1.5°C pathway

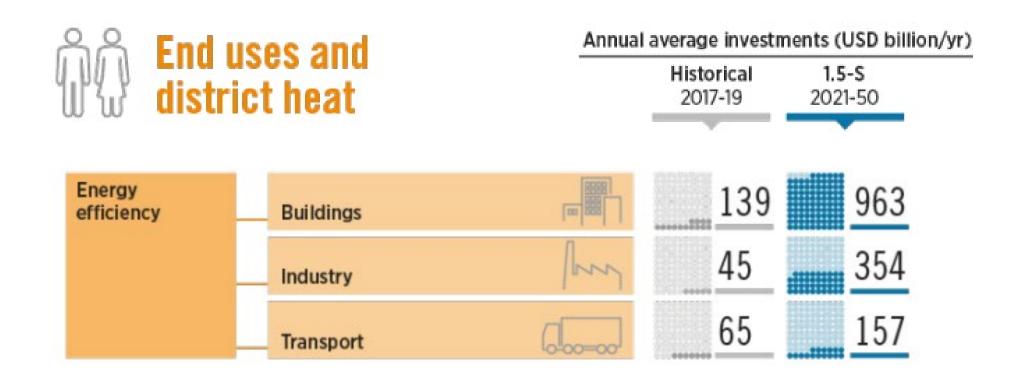




Source: IRENA, World Energy Transition Outlook, 1.5°C pathway, 2021

Investments need to scale up significantly...

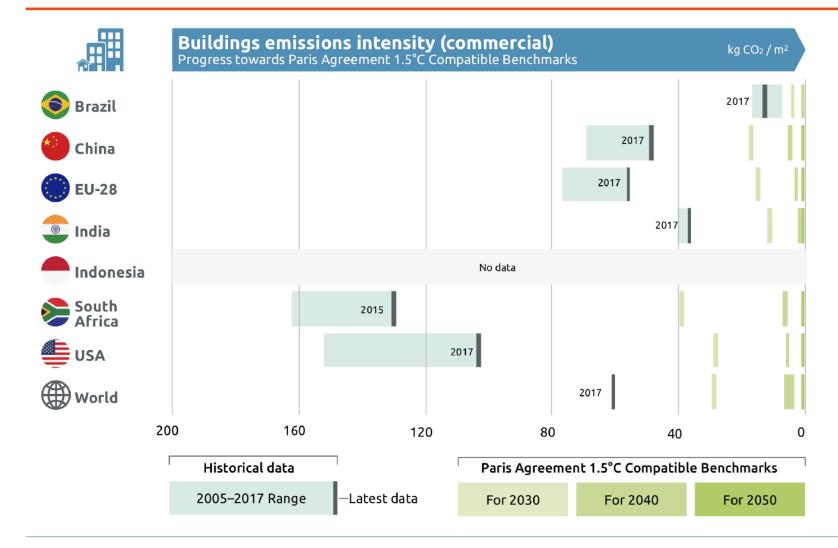




Source: IRENA, World Energy Transition Outlook, 1.5°C pathway, 2021

Benchmarks - Buildings



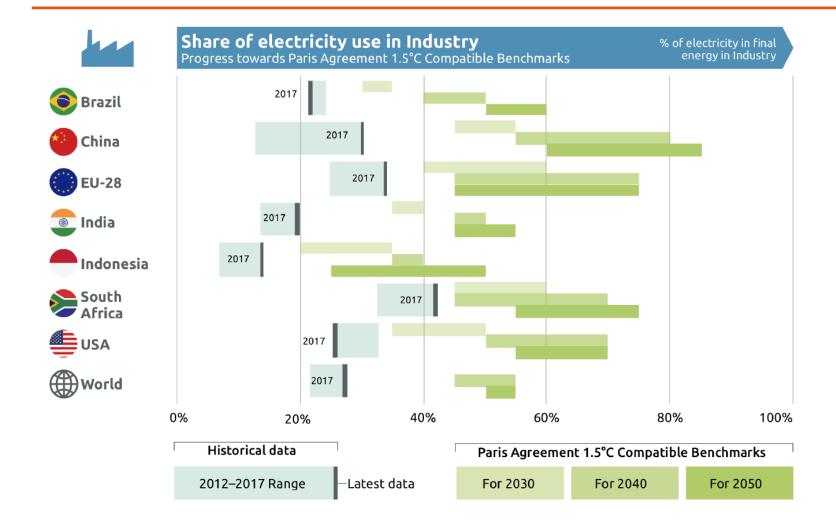


Buildings emission intensity needs to reduce by at least 90 – 95% by 2040 for Residential and Commercial



Benchmarks – Electrification of industry





Share of electricity in final energy in industry needs to reach close to 50% by 2050 globally

Planning processes and entry points



- Cross ministerial NDC and LTS planning
 - Bottom-up approach sector strategies and plans
 - Top-down high level target distributed to sectors
- Integrated planning needs to be reinforced
 - Alignment of national level strategies (NDCs), sector strategies, subnational strategies and plans
- Finance and budget constraints key issues in particular post COVID
- Companies, cities, subnational governments increasing climate commitments/ neutrality targets
 - Energy use of buildings and facilities core part of climate strategy
- Non-state action strong presence at the UNFCCC level
 - Global climate action platform
 - Race to Zero Campaign

Conclusions



- "> Urgent need to scale up global ambition to halve emissions by 2030 and get on a 1.5°C compatible pathway this NDC cycle is critical!
- Decarbonisation of the energy sector needs to happen faster to allow for emissions in hard-toabate sectors
- Energy efficiency is an important element to enable full decarbonisation of the energy sector cost effective mitigation measure
- National governments face finance constraints cost considerations and co-benefits of climate action are key drivers
- >> Entry points for ESCO in **planning processes** at national and subnational levels
- Opportunity to increase visibility in international space



Thank you

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