

# *The Business Council for Sustainable Energy*

## **Industry Roundtable on Energy, Industry and the World Summit on Sustainable Development (WSSD)**

*Convened by the Business Council for Sustainable Energy and  
the U.S. Agency for International Development*

July 18, 2002

Washington, DC

### ***Event summary***

On July 18, 2002 the Business Council for Sustainable Energy (BCSE) and the U.S. Agency for International Development convened an industry roundtable on ***“Energy, Industry and the World Summit on Sustainable Development (WSSD)”*** at Carnegie Endowment for International Relations in Washington, DC.

Building from the conclusions of the final preparatory meeting in Bali (PrepCom IV), the roundtable aimed to increase the general understanding of the Summit process and help answer how business should position itself in relation to the WSSD by identifying major challenges and opportunities. The roundtable provided a brief overview of the WSSD preparatory process and the evolving role of partnerships as a key Summit outcome. The discussion focused on business involvement in sustainable development, highlighting industry’s activities as they relate to WSSD and private sector case studies on the role that clean energy and business play in sustainable development today. Participants included private sector representatives from the industrial, energy, electricity, energy efficiency and renewable energy sectors along with key government experts from the US and other major WSSD stakeholders.

### ***Introduction***

BCSE President Michel Marvin gave a brief introduction asking the underlying question “What do we want to accomplish when we get to WSSD?” Marvin noted that there is a lot of uncertainty over the answer to this question. While there are a lot of individual activities surrounding the Summit, Marvin added that absent from the equation was a larger plan. Although engaging in dialogue is a “good thing,” Marvin asked the speakers if there was anything more concrete that one can expect out of the Summit.

### ***Part 1: US Government Perspective on Johannesburg***

Griff Thompson, Director of the Office of Energy and Information Technology at the US Agency for International Development addressed the ***Current Challenges and Opportunities for the US in the WSSD***. Mr. Thompson stated that energy has come a long way in the past ten years since Rio when energy wasn’t even recognized as a major issue. Today, according to Thompson, energy is one of the top three themes at the Summit and the nexus between energy and development has finally been recognized. Commenting on the Type I negotiating text, Mr. Thompson stated that 80 percent of the text on energy had been agreed to and that there were only four or five paragraphs outstanding where differences among nations existed. “There is a fundamental difference on how the US government and the European Union (EU) approach the issue of energy,” said Thompson. He noted that the US was aligned with the Group of 77 (G-77) on most issues. Thompson indicated that much work was needed at WSSD to reconcile the fundamental world views on energy and development.

Addressing the issue of Type II public-private partnerships at the Summit, Thompson responded favorably to the various coalitions which had been formed to date. From the US perspective, Thompson highlighted the following Type II partnerships that he hoped the US would formally commit to at the Summit: (1) the Village Global Energy Partnership; (2) Energy Efficiency for Sustainable Development; and (3) Healthy Homes for

Community and Children. While the language and text of the WSSD are nice, Thompson added that the real need was for concrete projects and programs.

Lori Bruten from the Bureau of Oceans and International Environmental and Scientific Affairs at the US Department of State next addressed *Type II Partnerships – the Real Outcome*. Ms. Bruten highlighted the need for government, business, civil society and financial institutions to work together to address issues of sustainable development. Citing the words of US Secretary of State Colin Powell, she noted that this is not a “sprint” but a “marathon.” Ms. Bruten acknowledged the pressure on Type II partnerships and the possibility of a backlash if the private sector and governments don’t go to Johannesburg committed to achieving results. “Words on the page don’t put food in people’s mouths,” stated Bruten, “partnerships do.” Ms. Bruten acknowledged the need for concrete action and the pivotal role that energy plays in enabling social development to occur. One of the fundamental roles of public-private partnerships was to help strengthen domestic infrastructure and good governance she added.

### *Questions and Answers*

Following the US government presentations, there were a number of questions from industry and representatives from the environmental community. In response to the question of whether there would be any new financial resources from the US for international development following WSSD, both Thompson and Bruten were unable to confirm whether new funds would be committed. Ms. Bruten claimed that Type II partnerships were voluntary and involved “sweat equity.” Thompson acknowledged the need for more money but that in the current fiscal environment there was tremendous competition for scarce resources. He added that one of his primary objectives within USAID was to try and free up funds to help leverage private sector capital.

On the issue of project deliverables at WSSD, Thompson cited the Village Global Energy Partnership and the Alliance to Save Energy’s Collaborative Labeling and Appliance Standards Program (CLASP), “Watergy” program and Federal Energy Management Program (FEMP) as possible deliverables at the Summit. He also stated that the Healthy Homes for Community and Children program would focus on reducing indoor air pollution and that there would likely be another program on reducing the use of leaded gasoline in developing countries.

Next, Moderator Michael Marvin posed the question: “What is the scorecard going into Johannesburg?” Thompson indicated that from his perspective seeing the head of the US delegation, the World Bank, the United Nations Development Program and chief executive officers standing up and addressing energy as a core issue of development would be viewed as a success. As for the official WSSD text, Thompson stated that differences over language should not be used to cast a shadow over the implementation of the text. Summarizing the Type I deliverables for WSSD, Thompson stated that the EU favored the launching of global programs at WSSD, a commitment to end to all harmful energy subsidies and targets for renewable energy. According to Thompson the US position was that subsidies and setting energy targets was an issue for each sovereign nation to address on its own. As for global initiatives, Thompson added that the US was very weary of international initiatives that lacked specificity. “We are not going to make commitments we cannot keep,” Thompson stated. Thompson further noted the arbitrary nature of the renewable energy targets being proposed and stated that greater attention ought to be focused on policies that help promote creative financing for energy projects. Energy is not about utility restructuring, but rather about integrating energy into the broader development matrix.

## *Part 2: Challenges and Opportunities - How Should Business Position Itself in Relation to WSSD?*

### *A. Businesses in Partnerships*

Judy Siegel and Venkat Ramana of **Winrock International** discussed the establishment of a Global Village Energy Partnership (GVEP) for Poverty Eradication, which seeks to create a ten year implementation-based partnership to reduce poverty and enhance economic and social development through the provision of modern energy services to those unserved or underserved. Ms. Siegel cited the need to move from talk to action to increase sustainable rural energy services and accelerate the rate of investment to provide such services. The technologies being promoted by GVP vary from cleaner fossil fuels, renewable energy and energy efficiency to use of LP gas. Ms. Siegel stated that the goal of the partnership was not to start from scratch but to adopt better

business plans, develop what is already in place, work with the local finance institutions and seed capital funds for pre-feasibility studies and obtain guarantees from local banks. The goal is to provide access to modern energy services to 300 million people and install over 50,000 new community systems by 2012. In a retrospective of GVEP, Venkat Ramana gave an overview of commercial renewable energy projects in India over the past four years.

James Brache and Karen Regenass from the **Environmental Enterprises Assistance Fund (EEAF)** next described some of the Fund's experiences investing in small, sustainable and environmentally-friendly businesses in Costa Rica, Indonesia and elsewhere. Starting first with loans and then moving to private equity investment, the goal of EEAF has been to create replicable models through its investments. According to Brache, the challenges facing small energy projects are numerous and providing capital is not enough. To help local businesses get off the ground and succeed requires patient investment capital (generally 15 to 20 years), business development support, technical assistance and a wider range of financial products.

Philip LaRocco and Christine Eibs Singer from **E+Co** further elaborated on what they had learned from investing in independent sustainable businesses in developing countries. From E+Co's perspective local enterprises and entrepreneurs are the key to development. According to LaRocco, to help sustainable business' grow and survive in developing countries a combination of both capital and services are required. Local entrepreneurs need tools and training and open markets. Enterprise development services to assist with the development of business plans, fact finding and feasibility studies and analysis are one component. Seed capital followed by growth or follow-on capital is another. LaRocca claimed that second stage capital is the most difficult to obtain and when capital is available the terms are frequently unrealistic.

#### ***B. The Providers of Technology Services and Products***

Dawn Fenton from **ABB** described a number of eco-efficient products and clean technologies that ABB produces and the company's internal efforts to improve environmental performance, reduce greenhouse gas emissions and conduct life cycle assessments for all of its products. Ms. Fenton described ABB's clean energy technology program and the company's efforts to train unemployed workers. Ms. Fenton also highlighted ABB's own internal social policy and commitment to sustainable reporting. Ms. Fenton noted that ABB will have a large business presence in South Africa at WSSD where it plans to showcase its products and services and launch a new "access to electricity" initiative using ABB technologies. In the US, ABB is an active partner of the Green Schools Program run by BCSE member, the Alliance to Save Energy.

#### ***C. The Clean Energy Commitment***

Bosworth Dewey from the **International Institute for Energy Conservation (IIEC)** discussed IIEC's involvement in the Johannesburg Climate Legacy which seeks to offset CO<sub>2</sub> emissions generated by the some 60,000 delegates attending WSSD. It is estimated that the Summit will result in the emission of over 450,000 tons of CO<sub>2</sub>. The project according to Dewey is a real effort to ensure that the World Summit lives up to its name and creates a model for offsetting emissions for future events. Under the Climate Legacy, Summit participants calculate their estimated emissions and at the price of ten dollars a ton of CO<sub>2</sub> pay to neutralize their emissions by helping to fund carbon-reducing projects in South Africa. Projects involve the use of photo voltaic, bio-diesel, biogas and energy efficiency technologies.

#### ***D. The ISO Commitment***

Jay Wintergreen from **First Environment, Inc.** highlighted the role of the International Organization for Standardization (ISO) 14000 standards as a tool for supporting sustainable development. Wintergreen noted that ISO 14001 standard on Environmental Management Systems helps companies set environmental objectives and targets and implement a system for measuring and monitoring that progress. ISO processes also facilitate greater private sector communication and transparency with regard to environmental performance. Wintergreen added that environmental health and safety management systems developed for independent power producers under ISO 14001 have provided the basis for organizations' sustainability programs and greenhouse gas management strategies. Recently ISO began work on developing a new standard for Measuring, Reporting and Verifying Entity- and Project-level Greenhouse Gas Emissions at the Annual Meeting of TC 207 held in Johannesburg, South Africa in June 2002.

### ***E. Businesses as Leaders not Followers***

George Phelps from the **North American Insulation Manufacturers Association (NAIMA)** discussed the evolution of energy efficiency codes and standards in the US. According to Phelps, strengthening codes and standards is a way to increase the transfer of energy efficient technologies in a transparent manner. He noted that one size does not fit all when it comes to standards that will vary by geographic location. Codes and standards, Phelps added, are also useful to provide a minimum standard baseline from which greenhouse gas emissions such as CO<sub>2</sub> can be measured. Phelps claimed that the average home in the US produces 22,000 pounds of CO<sub>2</sub> per year while the average automobile produces 12,000 pounds. “Sustainability starts at home,” claimed Phelps and each individual must do their part.

### ***Part 3: Open Discussion***

Following a brief summary of the Council’s activities and plans for WSSD, participants openly discussed the merits and short-falls of Type I and Type II initiatives. Members of the environmental community cited the need for specific goals and objectives and questioned whether any new US government commitments would come out of the Summit. Michael Marvin added that without monitoring or verification the Summit was susceptible to “green-washing.” Other participants, however, stressed that the Summit in and of itself was a means to an end and that there was value in debating the different approaches to achieving sustainable development even absent international agreement.

*Created in 1992, the BCSE is an industry trade group comprised of companies and industry trade associations in the energy efficiency, natural gas, renewable energy, independent power and electric utility industries. The Council emphasizes market-based approaches as models for efforts to reduce pollutants. In addition, the Council works on international financing, climate change mitigation, tax issues and global market development. “Partnering with Business” is a three-year project aimed at promoting the expansion of markets for sustainable energy technologies in developing countries and economies in transition. As part of this project, the BCSE convenes industry roundtables and seminars for international audiences on market development issues to strengthen relationships with the private sector and communicates best practices in clean energy technologies and use. The July 18, 2002 industry roundtable was supported by USAID, Office of Energy and Information Technology as part of the Partnering with Business Project.*

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### *Participant List*

#### **Moderator**

Michael Marvin

Business Council for Sustainable Energy (BCSE)

#### **Speakers**

Griff Thompson

U.S. Agency for International Development

Lori Brutton

U.S. Department of State

Judy Siegel

Winrock International

Venkat Ramana

Winrock International

James Brache

Environmental Enterprises Assistance Fund

Karen Regenass

Environmental Enterprises Assistance Fund

Philip LaRocco

E+Co

Christine Eibs Singer

E+Co

Dawn Fenton

ABB

Bosworth Dewey

International Institute for Energy Conservation

Jay Wintergreen

First Environment, Inc.

George Phelps

North American Insulation Manufacturers Association

#### **Industry**

John Butler

Booz Allen Hamilton

Boon Macy

Booz Allen Hamilton

Cynthia Hunt

Morse Associates

Neil Cohn

Natsource

Ben Feldman

Natsource

Radha Kuppalli

Natsource

Rob Youngman

Natsource

Todd Foley

BP Solar

Dr. Pat DeLaquil

Clean Energy Commercialization

Daniel Schochet

ORMAT International

Annie Landfield Hill

First Environment, Inc.

Amber Leonard

Global Business Network

Irving Mintzer

Global Business Network

Jon Chase

American Wind Energy Association

Debby Stone

US Hydro Power Association

Glenn Hamer

Solar Energy Industries Association

Peter Lowenthal

Solar Energy Industries Association

Denise Schroeder

Geothermal Energy Association

Timothy Deal

US Council for International Business

Jared Blum

Polyisocyanurate Insulation Manufacturers Association (PIMA)

Karen Miller

National Hydrogen Association and Technology Transition Corporation

**Government**

Bill Holberg  
Kossey, Mike

US Development Agency  
US Development Agency

**Finance**

Peter Hilliges  
Saima Qadir  
Shari Friedman

Global Environmental Facility  
Global Environmental Facility  
Environmental Enterprises Assistance Fund

**Environmental Community**

Ditz Daryl  
Nyaguthii Chege  
Dominique Baron

World Wildlife Fund  
Natural Resources Defense Council  
Global Legislators Organization for a Balanced Environment (GLOBE)  
USA

Hilary Hoffman  
Hilary Hoffman  
Chris Perine  
Chris Whaley  
Donald Goldberg  
Kevin James  
Kara Rindaldi  
Denise Knight  
Nitin Pandit  
Marc Berthold  
Lauren Inouye  
Allan Hoffman  
Carol Werner

GLOBE USA  
GLOBE USA  
Chemonics  
World Recourses Institute  
Center for International Environmental Law  
Alliance to Save Energy  
Alliance to Save Energy  
International Institute for Energy Conservation  
International Institute for Energy Conservation  
Heinrich Boell Foundation  
Winrock International  
Winrock International  
Environmental Studies Institute

**BCSE Staff**

Zoë Dawson  
Sharon Singh  
John Garrison