

Energy Transition Diplomacy Instruments of the Energy Transition

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Disclaimer

“The views, information, or opinions expressed during the lecture and the following Q & A session are solely those of Dr Urban Rusnák

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Instruments of the Energy Transition

Legal: International law, treaties and agreements, national laws. Regulatory: supranational regulation (REIOs), national regulations, local regulations, technical standards. Economic: Taxation, innovation, competition. Diplomatic: negotiations, advanced cooperation of 'like-minded countries', sanctions. Dispute resolution: bilateral negotiations, mediation, conciliation, arbitration.

International Instruments

Strategic / Legal

- [International and bilateral treaties and agreements](#)
- [Diplomacy & dispute resolution mechanisms](#)

Energy & Climate Regulatory

- [Regional economic integration organisations regulations](#)

Economic / Financial

- [Framework support schemes](#)
- [Transnational corporate cooperation](#)

Technical / Standardisation

- [International technical standards](#)

Awareness

- [International educational frameworks & initiatives](#)
- [International NGO's and networks](#)

National Instruments

Strategic / Legal

- [Targets, plans and framework legislation](#)
- [Strategic plans](#)

Energy & Climate Regulatory

- [Regulation](#)
- [Performance-based policies](#)

Economic / Financial

- [Finance, charges and taxation](#)
- [Payments and transfers, grants](#)

Technical / Standardisation

- [Codes and standards](#)

Awareness

- [Information and education](#)

Strategic & Legal Instruments (Int)

- **Diplomacy**

The art and practice of conducting negotiations between nations and influencing decisions of others within the established system of international relations

- All international instruments are negotiated through a diplomatic process between two or more actors

- **Dispute resolution mechanism**

Preliminary agreed way to address disagreements among parties

- Political negotiation
- Mediation
- Conciliation
- Arbitration
- Litigation

Strategic & Legal Instruments (Int), cont.

International law - treaties, agreements, MoUs, MoCs ...

- **Multilateral**

- *UNFCCC + Paris Agreement 21COP (Paris, 2015)*

- *International Solar Alliance (Marrakech, 2016)*

- **Plurilateral**

- *Euratom, China, India, Japan, South Korea, Russia, U.S.A. agreement on the Establishment of the ITER International Fusion Energy Organization (Brussels, 2006)*

- *Energy Charter Treaty (Lisbon, 1994)*

- *ECOWAS Energy Protocol (Dakar, 2003)*

- **Bilateral**

- *Morocco-Portugal agreement on cooperation in the field of green hydrogen development (2021)*

- *Japan - Indonesia MoC on decarbonisation technologies (Jakarta, 2022)*

Strategic & Legal Instruments (Nat)

- **Strategic national plans - Policy documents:**
 - *National Energy Security Framework, Ireland (2022)*
 - *Decree 151: Action Plan for the Ecuadorian mining sector, Ecuador (2021)*
 - *Aviation Climate Action Plan, USA (2021)*

- **Target plans and framework legislation**

Indicative commitments:

- *United Kingdom's updated Nationally Determined Contribution (NDC) to the UNFCCC under the Paris Agreement (2022)*
- *2018 - 2030 Methane Reduction Plan, Korea (2022)*
- *Biofuel Targets for 2021-2024, Poland (2021)*
- *Bill on measures for the country's transition to low-carbon energy (Lex Dukovany), Czech Republic (2021)*

Regulatory Instruments

- **Supranational regulation (REIOs)**

- *Technical Regulations of the Eurasian Economic Union on the requirements for main pipelines for the transportation of liquid and gaseous hydrocarbons (2021)*

- *Fuel EU Maritime - Sustainable maritime fuels (2022)*

- *EU Hydrogen strategy (2020)*

- **National regulations**

- *Rules of the 2021 Renewable Energy Auction, Colombia (2021)*

- *Methods and conditions for self-consumption and energy communities, Italy (2019)*

- *Prohibition of placing on the market for solid fuel boilers of emission 1st class and 2nd emission class, Czech Rep. (2017)*

Regulatory Instruments

- **Subnational regulations**

- *Carbon Sequestration Tenure Management (Alberta), Canada (2022)*
- *Residential Tenancies Regulations 2021, (Victoria), Australia*

- **Technical standards**

- *Building Code update 2021 on building's energy efficiency, New Zealand (2021)*
- *Clean Fuel Standard, Canada (2021)*
- *Minimum energy performance standards for air conditioners, Rwanda (2021)*

Economic instruments

- **Taxation**

Negative or positive incentives

- *South African Carbon Tax (2020)*
- *Zero duty on import of electric vehicles, Uzbekistan (2018)*
- *Renewable industry strategy – Tax incentives, Finland (2021)*

- **Subsidies & Payment Schemes**

Different fuel and technologies subsidies

- *2022 & 2023 fuel subsidy scheme - Petroleum Development Levy Fund (Kenya)*
- *2022 Comprehensive emergency measures to address soaring crude oil and commodity prices (Japan)*
- *Budget Agreement 2022: Green Initiatives and Sustainable Energy Portfolio (Denmark)*

Economic instruments

- **Innovation**

New sectoral development

- *National Hydrogen Strategy of the Slovak Republic: Ready for the Future (2021)*
- *Action plan for implementation of the National Hydrogen Strategy, Slovakia (2022)*

- **Competition**

In retail and wholesale

- *Appliances energy efficiency label update, Belgium (2022)*
- *The Real-Time-Market (RTM Electricity), India (2020)*
- *Petroleum products pricing regulatory agency (establishment) act, Nigeria (2003)*

Diplomatic instruments

- **Bilateral and regional frameworks**
 - *Cross-border hydroenergy cooperation (Czechoslovakia-Hungary: Treaty Concerning the Construction and Operation of the Gabčíkovo-Nagymaros System of Locks, 1977 / dispute / 1993 to PCA, The Hague*
 - *Regional (South Asian Association for Regional Cooperation) SAARC Energy Center*
- **International and global frameworks**
 - *International Solar Initiative 2015/ International Solar Alliance 2016*
<https://www.isolaralliance.org>
 - *G20 Energy Ministerial Meetings* <https://www.g20.org/>
 - *The Energy Efficiency Global Alliance* <https://eeglobalalliance.org/>

Diplomatic instruments

- **Advanced cooperation of ‘like-minded countries’**

- Institutionalised - organisations (regional/sectoral)

Economic Cooperation Organisation (ECO), Tehran

Global Green Growth Institute (GGGI), Soeul

- Noninstitutionalised - regular meetings of stakeholders

Visegrad 4, Great Lakes Conservation Coalition, G7, ...

- **Sanctions**

- *UN SC sanctions*

- *Other : US, EU, Russia,...*

Dispute resolution

- **Bilateral negotiations**

- *technical / political*

- **Mediation**

- *non binding, third party (mediator) extra judicial process*

- **Conciliation**

- *usually binding, third party (conciliator), extra judicial process*

- **Arbitration**

- *binding, panel of arbitrators, judicial process*

- **Courts**

- *binding, judges, judicial process*

Risks and Risk Management

- **Technological**
- **Economic**
- **Regulatory**
- **Public acceptance**

Energy Investment Risk Assessment EIRA project 2018-2022

Energy Charter Secretariat <https://eira.energycharter.org>

International Law Association 150 years – Build Tomorrow project

<https://www.ilaparis2023.org/en/white-paper/energy/>

??? Questions for Participants ???

Which instrument and at what level is a key to address the Energy Transition ?

Energy Transition should be addressed at national or at international level?

What set of instruments would you choose to address economic cost of the Energy Transition ?

What dispute resolution instruments you can refer when addressing issues related to the Energy Transition?

Does diplomacy matter, explain why yes or not?

Key Takeaways

- Actors have in their disposal wide range of instruments to support or to hamper it
- Current Energy Transition is mostly driven by diplomatic, regulatory and legal instruments
- Energy Transition Diplomacy should use all available instruments and develop new ones

People in the Energy Transition Diplomacy



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The End

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LESSON 2 – INSTRUMENTS OF THE ENERGY
TRANSITION

NEXT

LESSON 3 – INDUSTRY AND
TECHNOLOGIES (1)