

Energy Transition Diplomacy

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Disclaimer

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Energy Transition Diplomacy

Identifying key parameters, actors, and stakeholders. Technological transfer and/or investment. Bilateral and Multilateral diplomatic instruments. Leadership, inclusiveness, and competition. Principle of Common by Differentiated Responsibilities. Role of technological innovation in the energy transition.

Energy Diplomacy vs. Climate Diplomacy - different goals

- Energy Security

to secure sufficient, affordable and consistent supply, transit and demand of energy for industrial, transport and military requirements necessary for development of nations

- Mitigation and Adaptation to the Climate Emergency

to combat and prevent dangerous human interference with the climate system and enable sustainable development of nations

Energy vs. Climate Diplomacy – different institutions

Energy Security

- Forstering various aspects of the Energy Security

Bilateral

Multilateral



Climate Security

- Mitigation and Adaptation to the Climate Emergency

Plurilateral



Multilateral



United Nations



Framework Convention on Climate Change

Uninterrupted availability of energy sources at an affordable price

legally binding commitments



Global dialogue on energy, providing authoritative analysis, data, policy recommendations, and real-world solutions to help countries provide secure and sustainable energy for all.

Co-ordination of a collective response to major disruptions in the supply of oil (legally binding 90 day reserves)

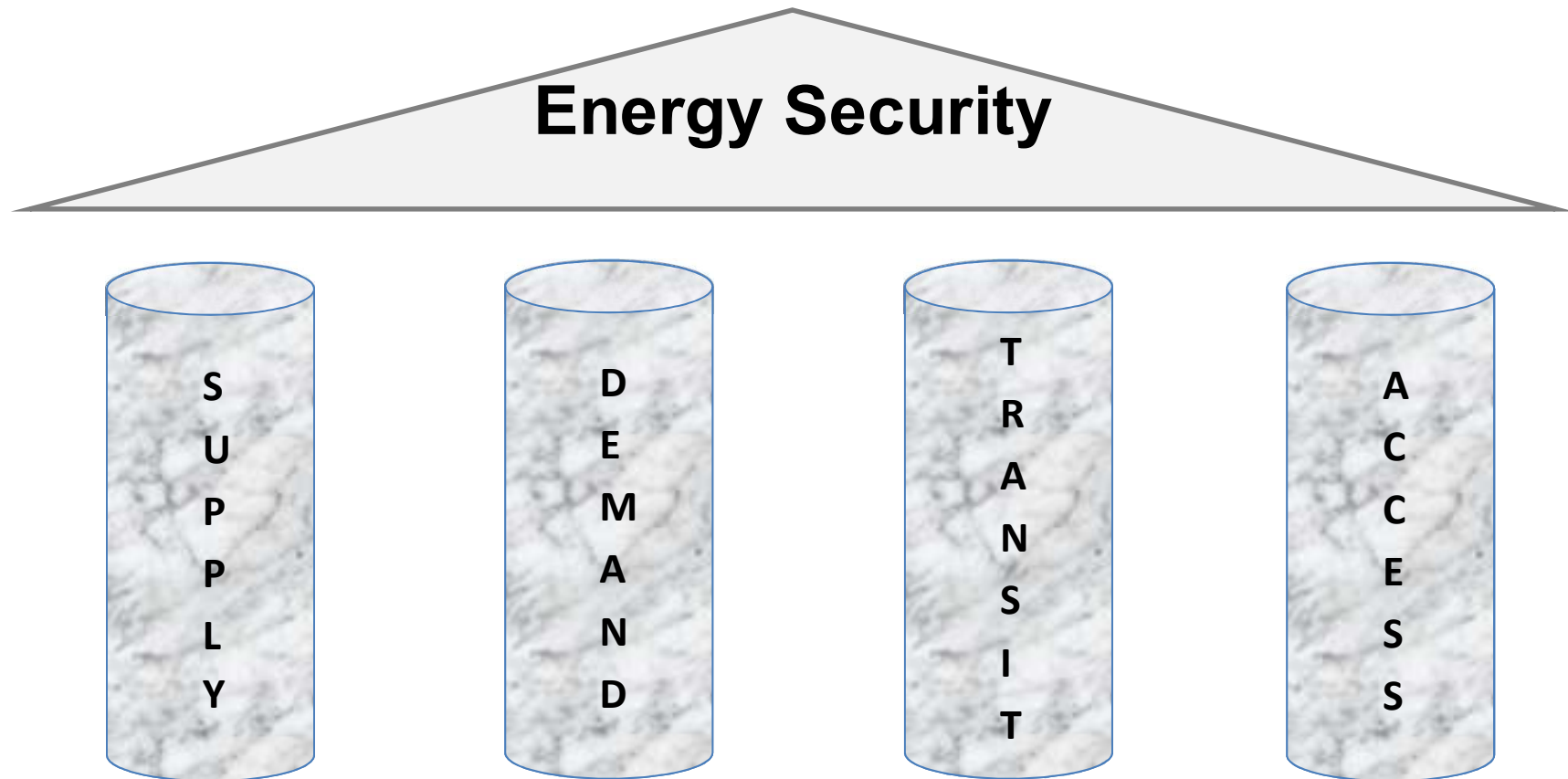


Common rules for global energy security: investment protection, transit, energy efficiency, trade and dispute resolution (legally binding)



Coordinated petroleum policies for the stabilization of oil markets .. for steady income to producers and a fair return on capital for those investing in the petroleum industry. (legally binding production quotas)

The 4 Pillars of Energy Security



Supply: The reliable security of **Energy Supply**

Demand: The reliable long term security **Energy Demand**

Transit/Transport: Safe, reliable **Transit and Transport of Energy Supplies**

Access to Energy: Access for all consumers, the **Alleviation of Energy Poverty**:



Energy crises 2022/23

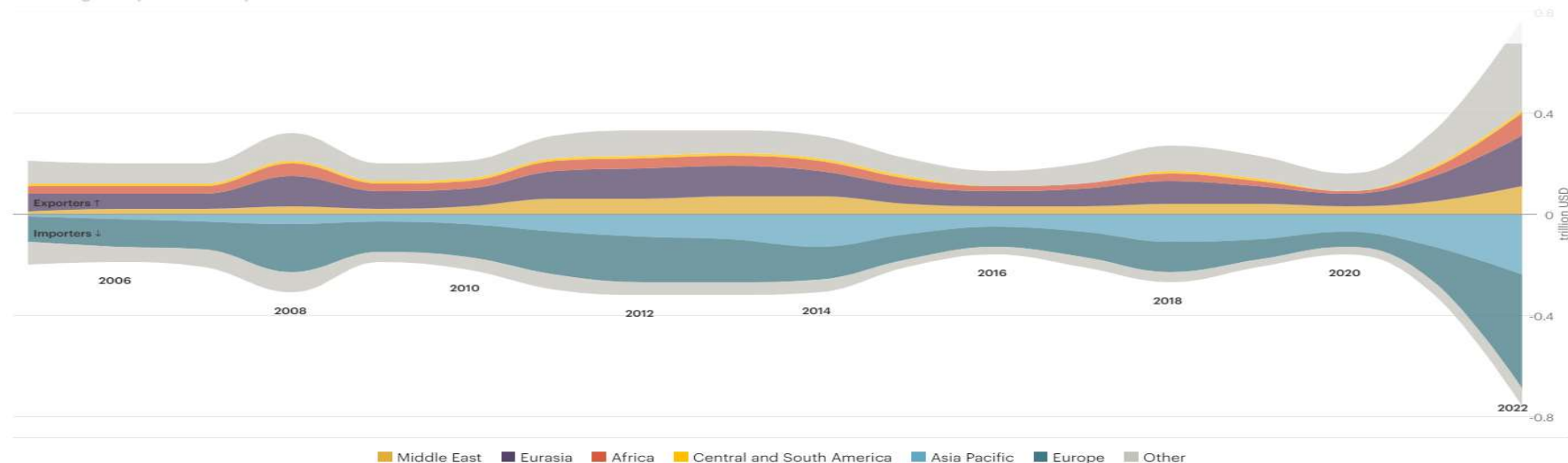
Unprecedented complex shock with the biggest tremors in the markets for natural gas, coal and electricity. Significant turmoil in oil markets (Brent almost at USD 140) necessitating March and April oil stock releases by IEA member countries to avoid even more severe disruptions/price hikes.

Continuing geopolitical and economic concerns keep energy markets extremely vulnerable, and the crisis is a reminder of the fragility and unsustainability of the current global energy system.

Huge transfers from consumers to producers

Oil has been expensive before, but there is no precedent for the import bills for natural gas in 2022.

Natural gas imports and exports



Energy crises 2022/23 - Responses

Short-term measures:

- to shield consumers from the impacts of the crisis



Longer-term measures:

- to increase or diversify oil and gas supplies
- to accelerate structural changes.

The most notable responses include:

- US Inflation Reduction Act
- EU's Fit for 55 package and REPowerEU
- Japan's Green Transformation (GX) programme
- Korea's aim to increase the share of nuclear and renewables in its energy mix
- China and India new ambitious clean energy targets.

F.Birol, IEA: "Government responses around the world promise to make this a historic and definitive turning point towards a cleaner, more affordable and more secure energy system."

Climate Emergency

not enforceable - voluntary actions

- Climate change mitigation

Nationally Determined Contributions (NDC) - all countries

Climate finance - Preferred by OECD donors (technology & profit) pledges of USD 100 bn by 2020 not honored

Climate action

Past emissions

vs.

vs.

- Climate change adaptation

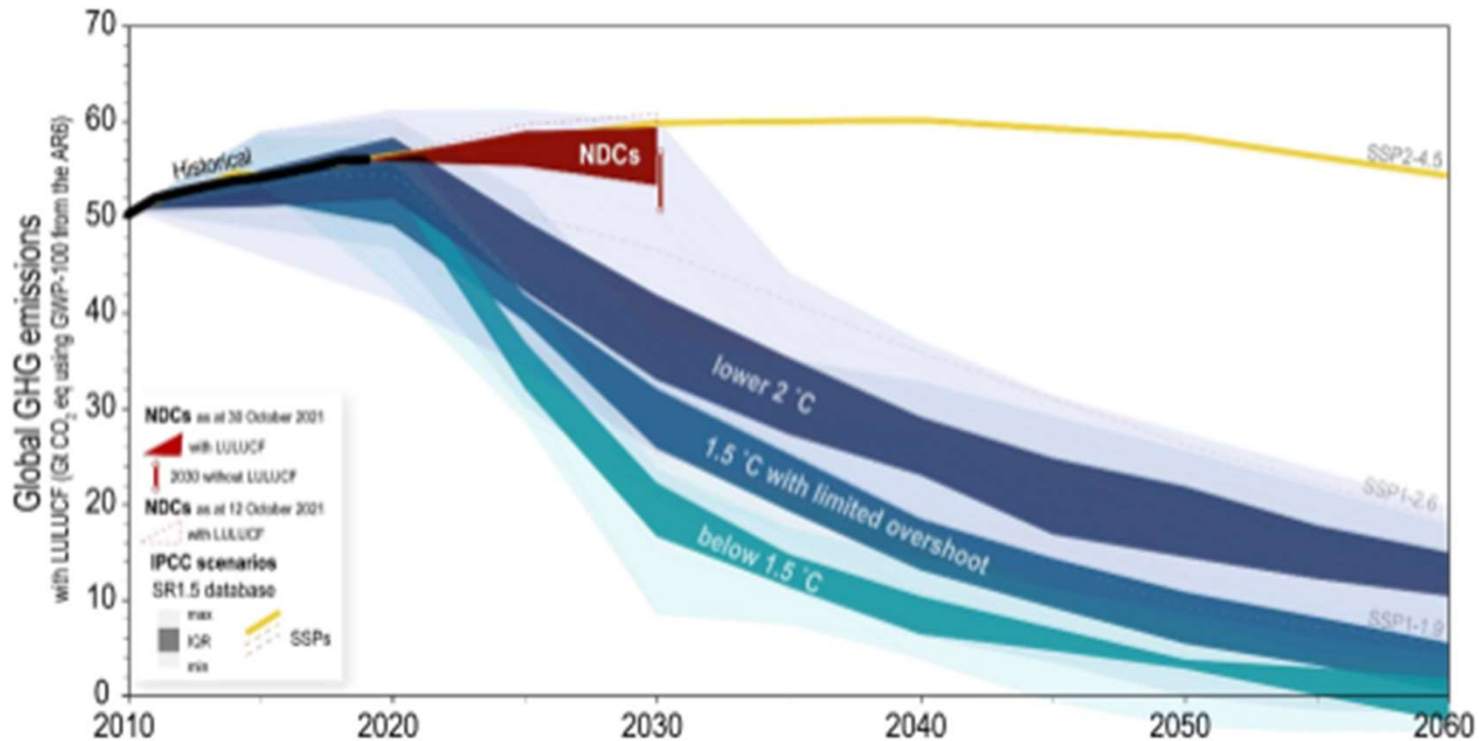
National Adaptation Plans (NAP) – developing nations

Climate finance - Preferred by recipient developing nations (immediate action)

National Development

Current /Future emissions

UNFCCC: NDC Synthesis Report



The latest update shows that for all available NDCs of all 193 Parties taken together, a **sizeable increase, of about 13.7%, in global GHG emissions in 2030 compared to 2010** is anticipated.

4 NOV 2022: We are off the track

EU Energy Diplomacy (EEAS)

.to accelerate the global energy transition, promoting energy efficiency and renewable technologies.

.to discourage further investments into fossil-fuel-based infrastructure projects in third countries (unless they are aligned with an ambitious climate neutrality pathway)

.to support international efforts to reduce the environmental and greenhouse gas impact of existing fossil fuel infrastructure.

ENERGY TRANSITION

The primary goal of the EU's energy diplomacy is to promote and accelerate the global transition of the energy sector

ENERGY SECURITY

Fossil fuel security will remain important in the coming years, and EU will continue to promote open, and liquid global markets.

GEOPOLITICS AND GLOBAL GOVERNANCE

To support energy and economic diversification of our partners and a just transition leaving no one behind. The EU will actively promote the alignment of existing multilateral governance structures with the Paris Agreement, and the development of such mechanisms essential to drive the global decarbonisation of the energy sector.

Energy and Climate Policies link

EU vision of coupling both is not necessarily shared by the rest of the world (yet?)

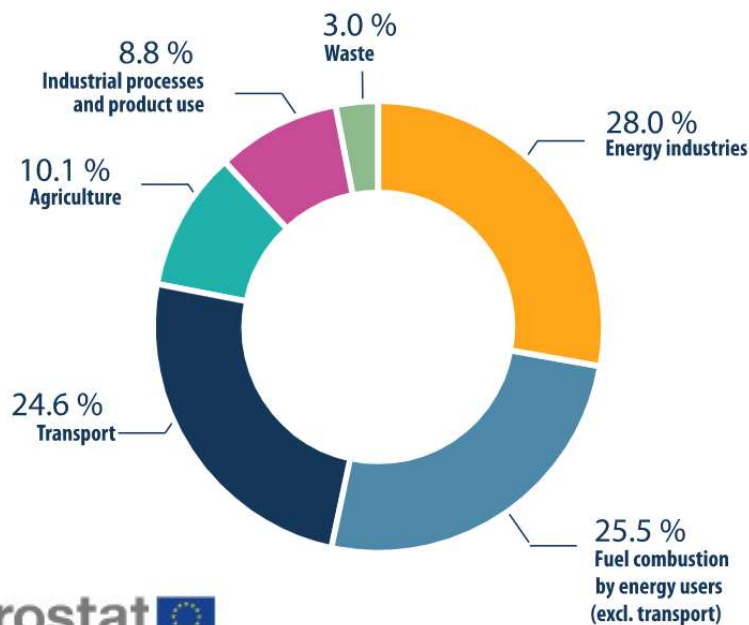
Energy Trilemma?

Energy security, Energy equity (accessibility/affordability), Environmental sustainability or

Trilemma of sustainable development?

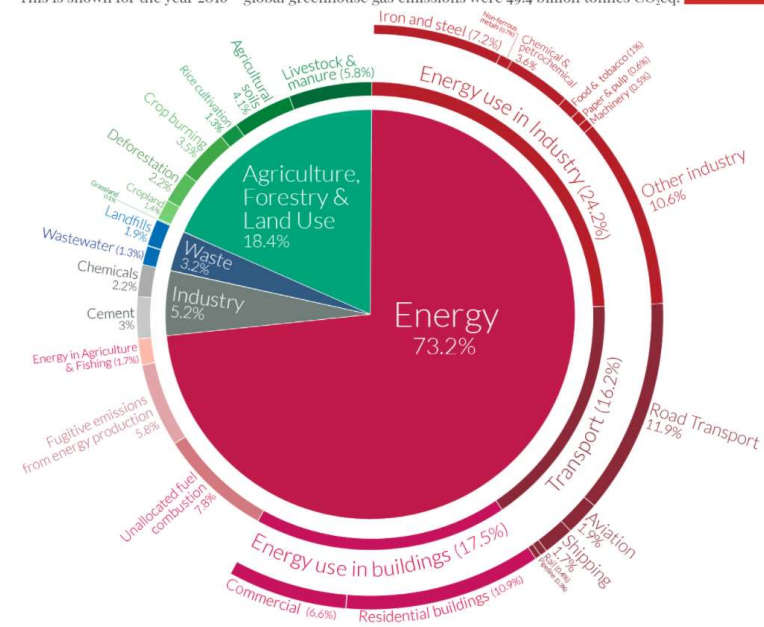
Energy security, Energy equity and Sustainable development

Share of EU greenhouse gas emission by source, 2018



Global greenhouse gas emissions by sector

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO₂eq.



OurWorldinData.org – Research and data to make progress against the world's largest problems. Source: Climate Watch, the World Resources Institute (2020). Licensed under CC-BY by the author Hannah Ritchie (2020).

Energy Transition Diplomacy

Goal: to address trilemma of sustainable energy development

- Most of countries are fossil fuel energy dependent in primary energy source
- Right to development is closely linked to the problem of accrued/current/future emissions
- Bridging the gap between developed and developing, energy exporting and importing nations
- Technological development – **Renewable** energy source vs. fuel lead to threatening implications to the fuel based countries

Energy Transition Diplomacy (cont.)

- Understanding interdependencies critical for addressing climate emergency
- Key partners inevitable for our success (biggest current and future emitters) are either developing or energy exporting nations
- Energy transition joint actions, not shaming or paternalising partners
- Sufficient funding and unprecedented technological transfer are inevitable
- Bilateral and multilateral solutions
- World Energy Organisation?

Long term Energy Security and Sustainability

- Investment – *Investment* - **Investment**
- Supply/Demand Balance
- Legal Framework
- Technological Evolution
- Climate Emergency
- Non-Proliferation and Nuclear



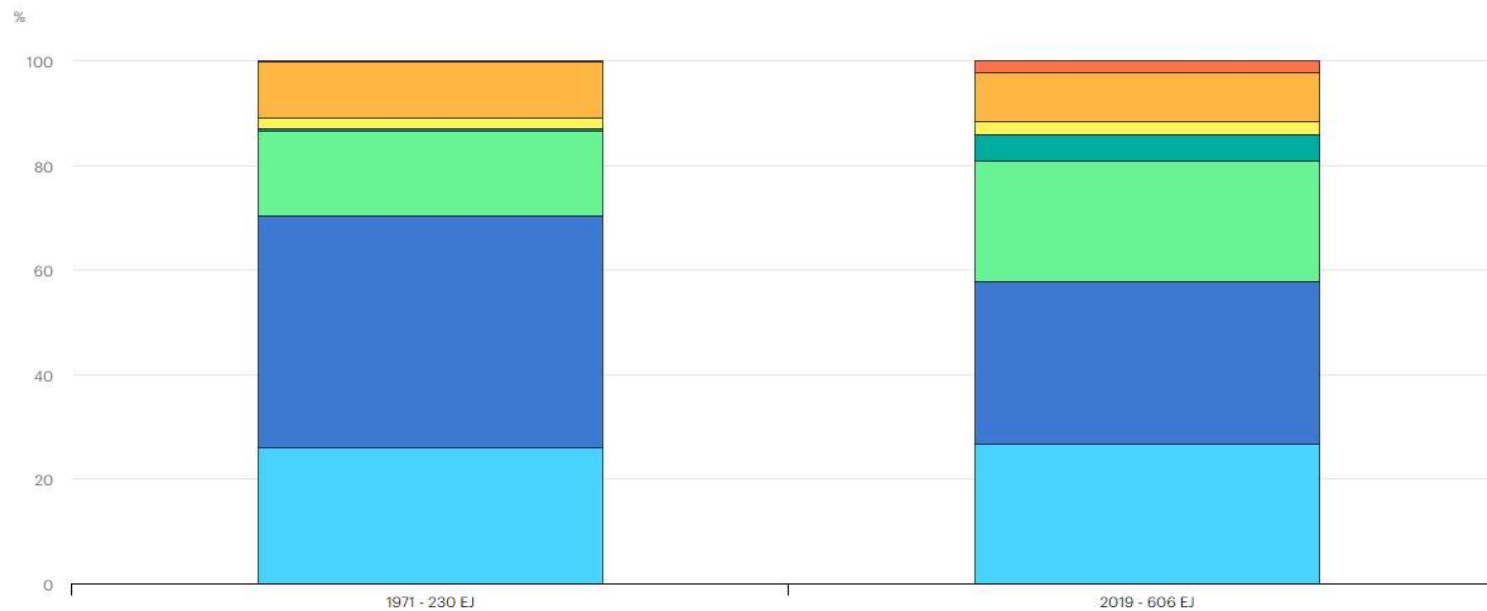
United Nations
Framework Convention on
Climate Change



IAEA
International Atomic Energy Agency

Beware of the Geopolitical shift

Total primary energy supply by fuel



IEA. All Rights Reserved

● Coal ● Oil ● Natural gas ● Nuclear ● Hydro ● Biofuels ● Other renewables

IEA, Total primary energy supply by fuel, 1971-2019, IEA, Paris

??? Questions for Participants ???

Is the global climate policy on track achieving its goals by 2023?
Provide any prove.

Is the global energy system resilient enough to withstand major geopolitical conflict?

Do you see any role for a hypothetical “World Energy Organisation”?

How the Energy Transition Diplomacy could improve stability of the global energy system?

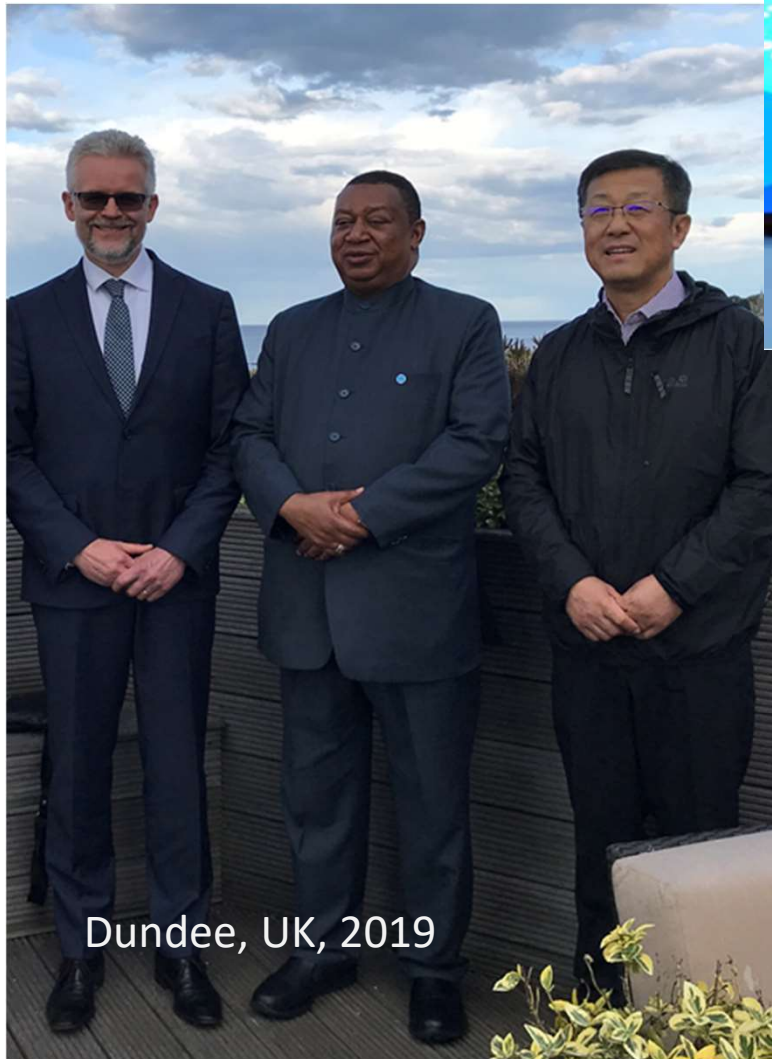
Key Takeaways

- The world has not been investing enough in energy in recent years, a fact that left the energy system much more vulnerable to the sort of shocks seen in 2022
- A smooth and secure energy transition will require a major uptick in clean energy investment flows
- Getting on track for the NZE Scenario will require a tripling in spending on clean energy and infrastructure to 2030, and a much higher investment in emerging market and developing economies
- Policy signals related to the clean energy transformation in past 10 years, together with technology limitations were strong enough to chill investment in fossil fuels while not sufficient to secure necessary investment in low carbon energy
- Much more balanced approach is needed to secure a global Energy Transition, neglecting producers interest will create further shocks

The ETD course Takeaways

- They are neither shortcuts nor silver bullets in Energy Transition – **INCREMENTAL STEPS ONLY**
- Beware of simple solutions for the Energy Transition – **SIDE EFFECTS ARE CRIPLING MOST OF THE POSITIVE IMPACT**
- There is no single optimal technology to address the Energy Transition – **EVOLVING ENERGY MIX**
- We haven't any universal energy governance institution – **NOTHING ON THE HORIZON**
- R&D provides **technologies**, INDUSTRY provides **business solutions**, STATE provides **regulations**, ENERGY TRANSITION DIPLOMACY provides **international & global coordination**

People in Energy Transition Diplomacy



Feedback for your Lecturer

- What surprised you the most in my course, if at all?
- What did you find annoying during my lectures and our discussions?
- Did I meet your expectations from the course? What substance did you miss in this course?
- What did you take away from my course?
- Any suggestion for improvements?
- Would you recommend the participation next year to your fellow colleagues?

Please send your feedback to Urban.Rusnak@gmail.com

The End

Urban.Rusnak@gmail.com

**LESSON 8 – ENERGY TRANSITION
DIPLOMACY**

Thank you for your interest and participation