

# G20 Energy Sustainability Working Group 2014 Co-chairs' Report

10 NOVEMBER 2014

The G20 Energy Sustainability Working Group (ESWG) met in February, May and August 2014. The group made considerable progress on issues relating to global energy architecture, gas markets and energy efficiency; advanced its ongoing work on inefficient fossil fuel subsidies, transparency, investment and regulation; and began discussing how the G20 can help improve energy access.

## Global energy architecture

The ESWG considered the adequacy of the existing global energy architecture in light of rapidly changing global energy market realities. This work was informed by a Global Energy Architecture Workshop in February; papers from the Australian Presidency, other G20 members, international organisations and academics; and updates from the Energy Research Institute of China and the Grantham Institute on their joint project on China and global energy governance.

The ESWG's work was further informed by two ESWG-commissioned surveys. One survey invited international energy organisations to provide their views on ways to strengthen the global energy architecture. The other survey asked ESWG members about any gaps and duplications in the existing mandates and work plans of international energy organisations. Both surveys revealed that more can be done to improve collaboration among international energy institutions and that the global energy architecture will continue to be challenged by changing economic realities, including growth in energy demand in emerging and developing economies. Several G20 members felt that development issues relating to energy, including energy access and energy poverty, should be accorded higher priority by international organisations.

The ESWG assisted sherpas to develop the G20 Principles on Energy Collaboration for leaders' consideration at the Brisbane summit. The G20 Principles on Energy Collaboration would lay the foundation for future collaboration on energy access, energy institutions, energy markets, energy security and sustainable growth and development.

## Energy efficiency

In 2014, members developed a G20 Energy Efficiency Action Plan (the "Action Plan") for leaders' consideration at the Brisbane summit. The plan was produced in consultation with the International Partnership for Energy Efficiency Cooperation (IPEEC) and relevant expert international organisations. It includes six work areas comprising three priorities for new work on heavy duty vehicles, networked devices and financing for investment; and three priorities for accelerating collaboration in the areas of buildings, industrial energy efficiency and electricity generation. Members (and other countries such as G20 guests) would voluntarily participate in the areas of work of interest to them.

IPEEC would, together with relevant expert international organisations, support implementation of the Action Plan by G20 members and other participating countries, and report to the G20 (through ESWG) on progress. In addition to developing the Action Plan, ESWG members exchanged views on their national energy efficiency experiences throughout 2014. A number of ESWG members also noted the importance of exchanging views on clean and renewable energy technologies.

## Strengthening gas markets

The ESWG discussed significant shifts in gas markets, including changes in supply, demand, production and trade.

A Strengthening Gas Markets Workshop was held in February and was attended by representatives from G20 countries, the private sector and international energy organisations. The workshop canvassed a range of international market developments and policy issues, including the advent of shale gas and the capacity of regional markets to cope with sudden shifts in supply and demand. Participants also discussed how governments, the private sector and international energy organisations can best work together to improve dialogue, collaboration and exchange of best practices and experiences across the G20. At subsequent meetings of the ESWG, members identified transparency, investment and gas market resilience as important issues for future G20 work.

Building on these discussions, and reflecting the increasing importance of gas as an energy source, the ESWG agreed to convene a joint G20 - International Energy Forum (IEF) Gas Market Dialogue. The Dialogue will be held on 11 November 2014 in Mexico, immediately prior to the Fourth IEF-International Gas Union Ministerial Gas Forum, and will serve to enhance collaboration among gas industry stakeholders. The participants will discuss how the G20 could help strengthen gas markets. Options to take forward this work will be considered by the ESWG in 2015.

## Inefficient fossil fuel subsidies

G20 members reported to G20 finance ministers in September on their progress towards meeting the G20 commitment, initially made at the 2009 Pittsburgh summit and reaffirmed at subsequent summits, to “rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption over the medium term”. The ESWG benefitted from updates on the preparations for the first round of voluntary peer reviews involving the United States and China. A second round of voluntary peer reviews involving other G20 countries is expected to commence in mid-2015. Germany has announced it will participate in the second round.

In response to a request from leaders at the 2013 Saint Petersburg summit, the ESWG tasked the World Bank Group, in consultation with other relevant international organisations, to prepare a report on transitional policies to assist the poor while phasing out inefficient fossil fuel subsidies that encourage wasteful consumption. The World Bank Group provided regular updates to the ESWG through the year and the final report was delivered to finance ministers in September.

## Transparency and regulation

This year the International Organization of Securities Commissions (IOSCO) reported to the ESWG on two reports it was tasked to develop for the G20: an Update to Survey on the Principles for the Regulation and Supervision of Commodity Derivatives Markets; and a Report on Implementation of the Principles for Oil Price Reporting Agencies (PRAs), which was prepared in response to requests from leaders at the 2011 Cannes and 2012 Los Cabos summits.

Members welcomed IOSCO’s reports and noted that the work continues to be important. Members emphasised the need for further monitoring of the implementation of the PRA principles in 2015. Both IOSCO reports were delivered to G20 finance ministers and central bank governors at their September meeting in Cairns.

The G20 reaffirmed support for the IEF Joint Organisations Data Initiative (JODI) and noted the launch of JODI Gas at the IEF Ministerial meeting in May in Moscow.

In September, the Energy Regulators Regional Association hosted a G20 Outreach Regulators’ Dialogue in Budapest, Hungary. The event built upon statements made by leaders at the 2013 Saint Petersburg summit.

## Investment

An ESWG workshop on Energy Infrastructure Investment was held in May. The workshop responded to a leaders' commitment at the 2013 summit to 'bring interested public sector, market players and international organisations together to discuss the factors hindering energy investment, including in clean and energy efficient technologies and to scope possible options needed to promote sustainable, affordable, efficient and secure energy supply'.

## Energy Access

The ESWG held a separate workshop on energy access in August. This workshop brought together a range of key stakeholders and explored the role the G20 could play in helping to improve universal energy access. Reflecting its importance to a number of ESWG members, reliable and affordable energy access for all is included in the G20 Principles on Energy Collaboration.