The IPCC Special Report on Renewable Energy Sources and Climate Change Mitigation: Chapter 11 – Policy, Financing and Implementation

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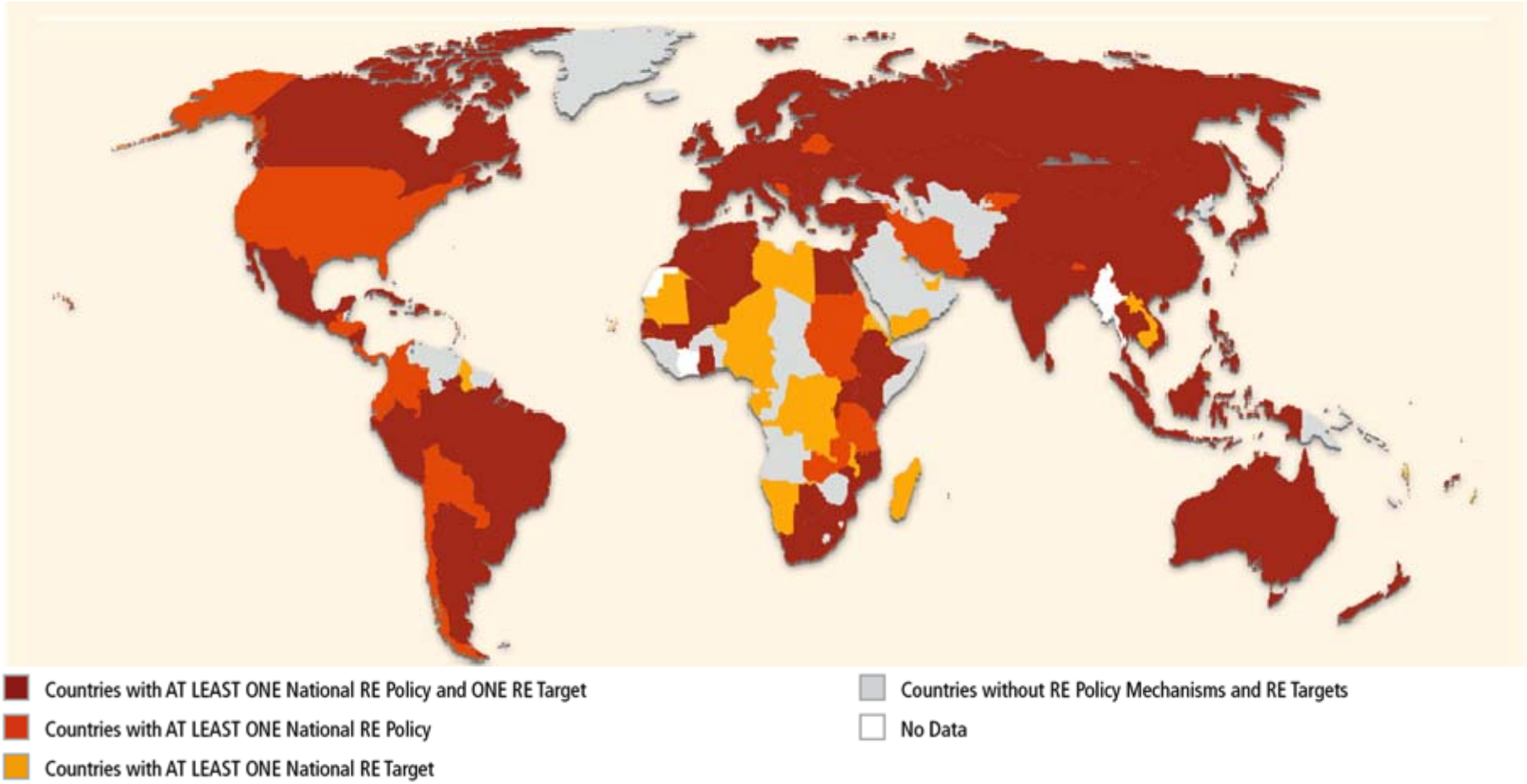
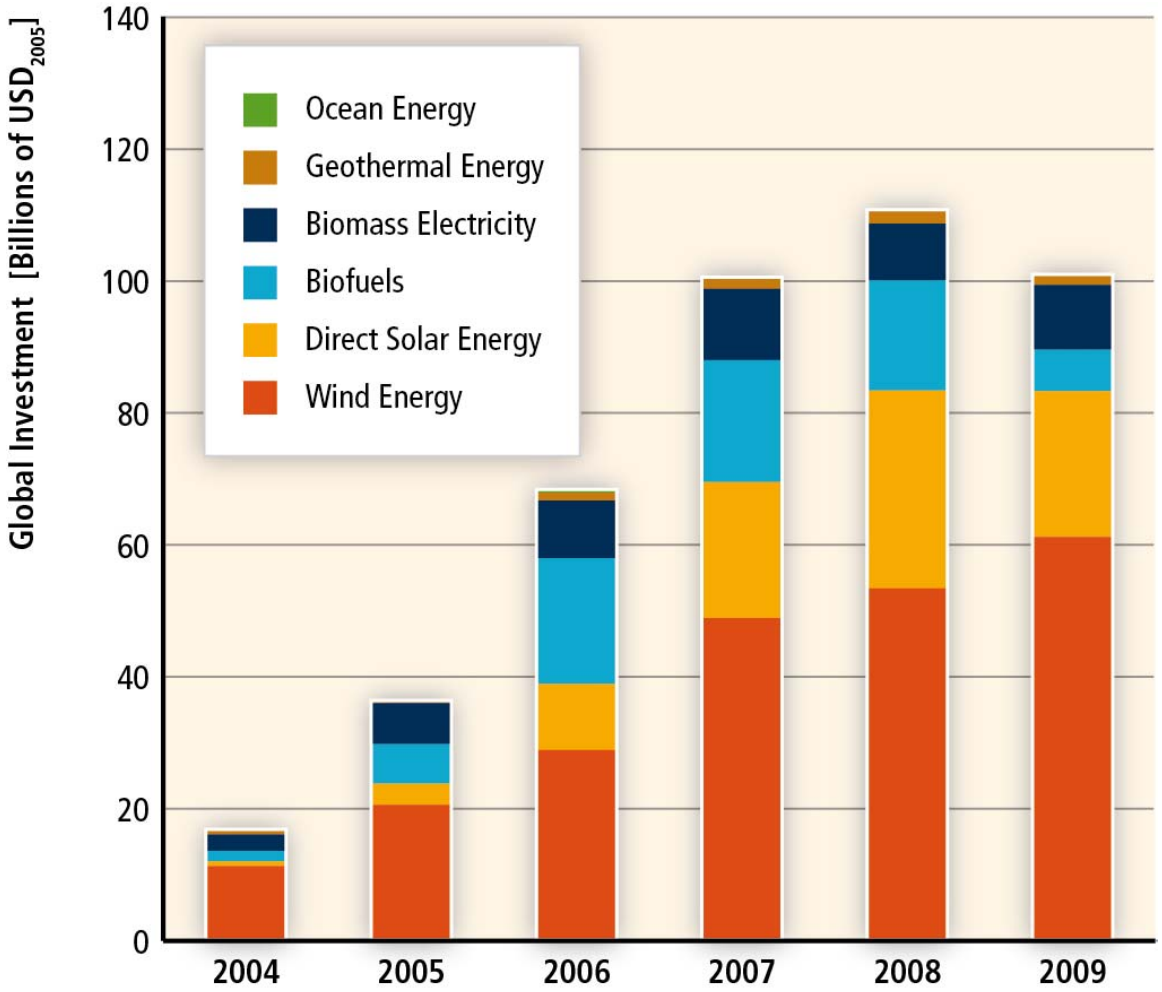
An increasing number and variety of RE policies – motivated by many factors – have driven escalated growth of RE technologies in recent years



Source: SRREN, Figure 11.1

Global Investment in RE increased significantly between 2004 and 2008



Source: SRREN, Figure 11.2

Some policies have been shown to be effective and efficient in rapidly increasing RE deployment.

- Policy frameworks that are transparent and **sustained** can reduce investment risks & facilitate deployment of RE.
  - Several studies have concluded that some feed-in tariffs have been effective and efficient at promoting RE **electricity**. Quota policies can be effective and efficient if designed to reduce risk.
  - Fiscal incentives or obligations have been used to promote renewable **heating and cooling**.
  - A variety of policies have been used to promote **biofuels**.
- The flexibility to **adjust** as technologies and markets evolve is important.
- The **details of design and implementation** are critical in determining the effectiveness and efficiency of a policy.

However, there is no one-size-fits-all policy.

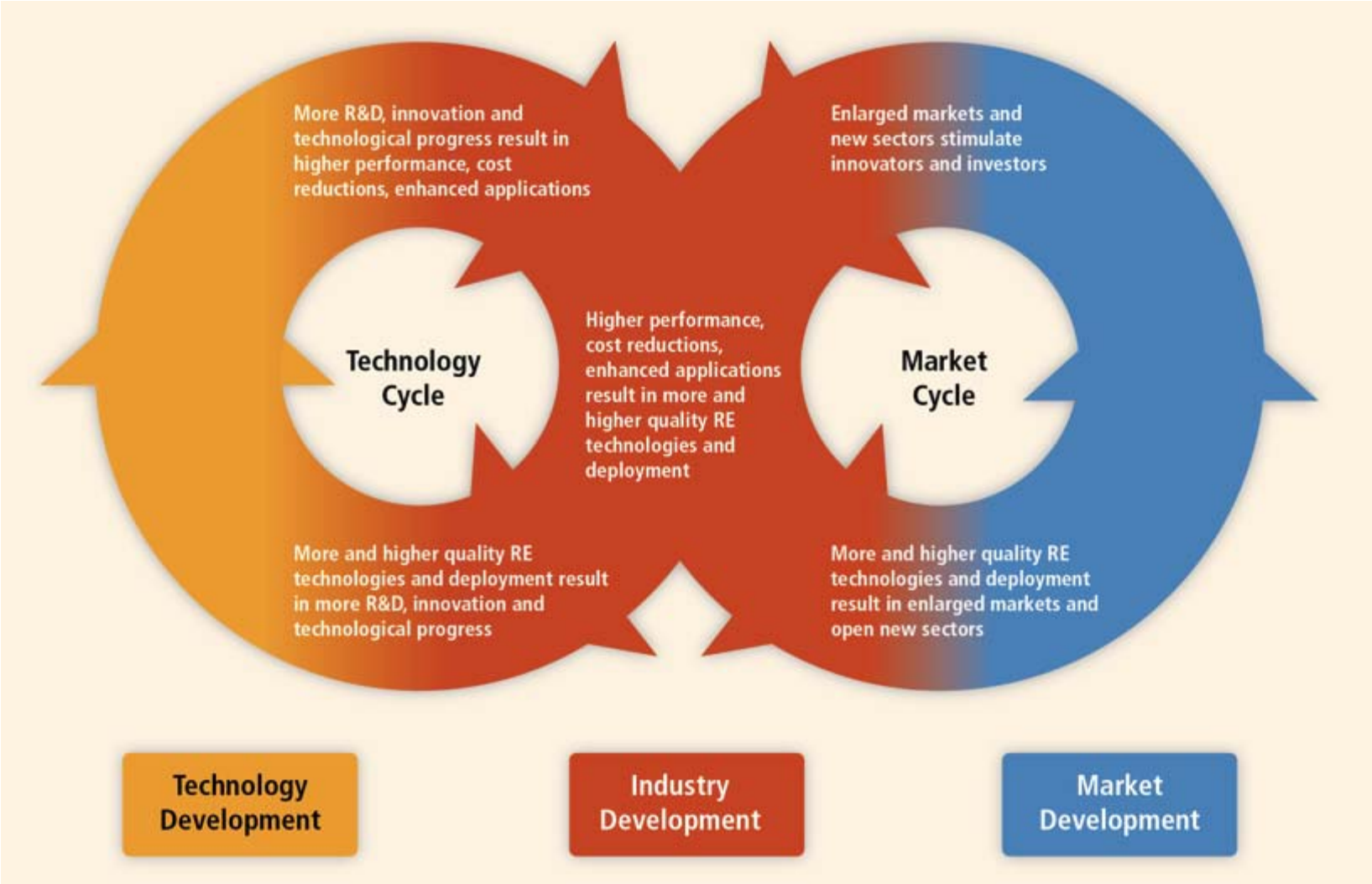
Source: adapted from SRREN SPM, p. 24

Two separate market failures create the rationale for additional RE policies in the presence of climate policy

- 1st market failure: external cost of GHG emissions.
- 2nd market failure: underinvestment in RE technology due to underestimated future benefits or inability to appropriate these benefits.
- In addition to GHG pricing policies, RE specific policies may be appropriate from an economic point of view if the related opportunities for technological development are to be addressed (or if other goals beyond climate mitigation are pursued).
- Potentially adverse consequences such as lock-in, carbon leakage and rebound effects should be taken into account in the design of a portfolio of policies.
- *NB: 'ideal' carbon pricing yet to be implemented*

Source: adapted from SRREN SPM, p. 25; Chapter 11, p. 10

The mutually reinforcing cycles of technology development and market deployment drive down technology costs



Source: SRREN, Figure 11.5, based on IEA, 2003b

‘Enabling’ policies support RE development and deployment

An enabling environment for RE can be created...

- by addressing the interactions of a given RE policy with other policies (e.g., agriculture, transportation, water management and urban planning)
- by easing the ability of RE developers to obtain finance and to successfully site a project
- by removing barriers for grid access
- by increasing education and awareness
- and by enabling technology transfer.

In turn, the existence of an ‘enabling’ environment can increase the efficiency and effectiveness of policies to promote RE.

Source: adapted from SRREN SPM, p. 24

Thank you

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