



How to raise NDC ambition through the energy sector

UNFCCC Side Event of the government of Tunisia, 5 December 2019

Axel Michaelowa
Senior Researcher
michaelowa@perspectives.cc

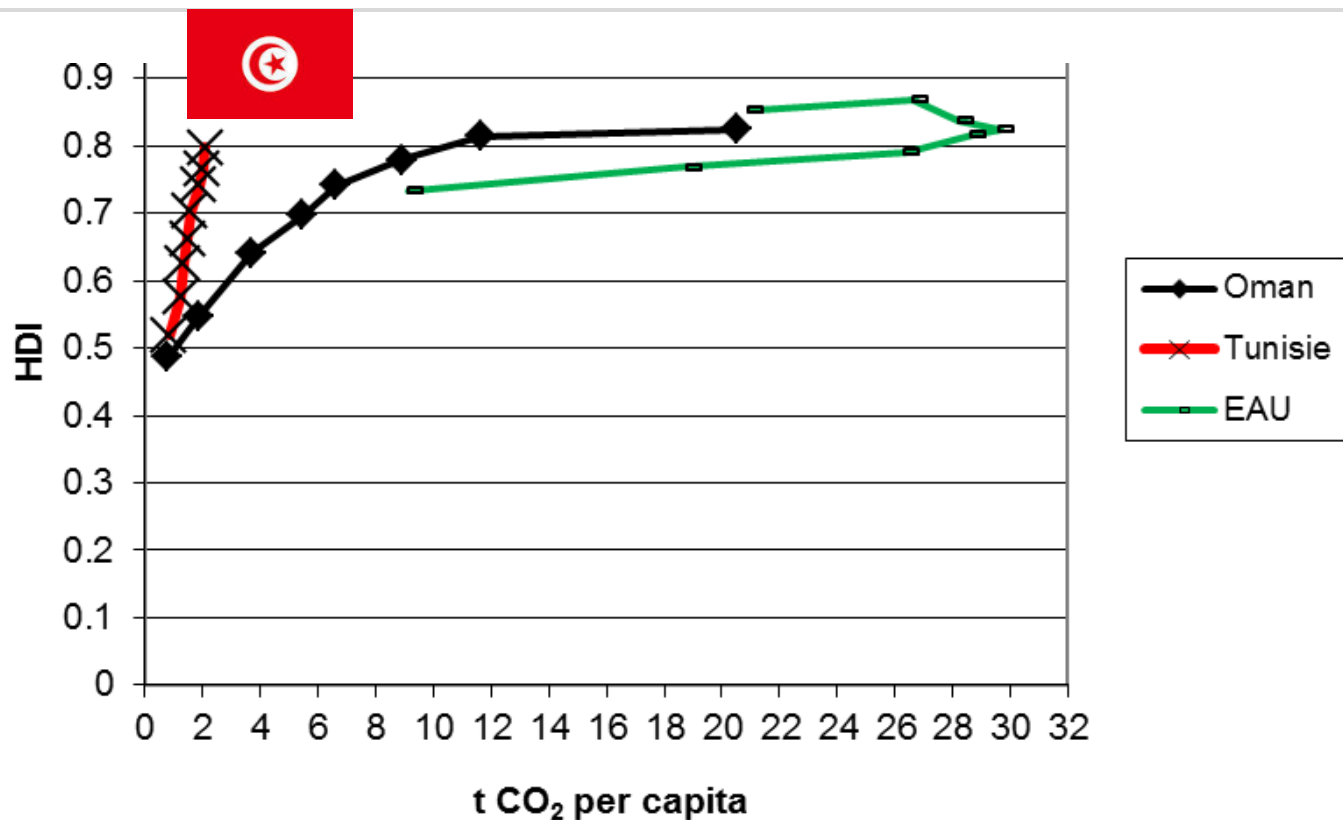
www.perspectives.cc | info@perspectives.cc



Agenda and speakers

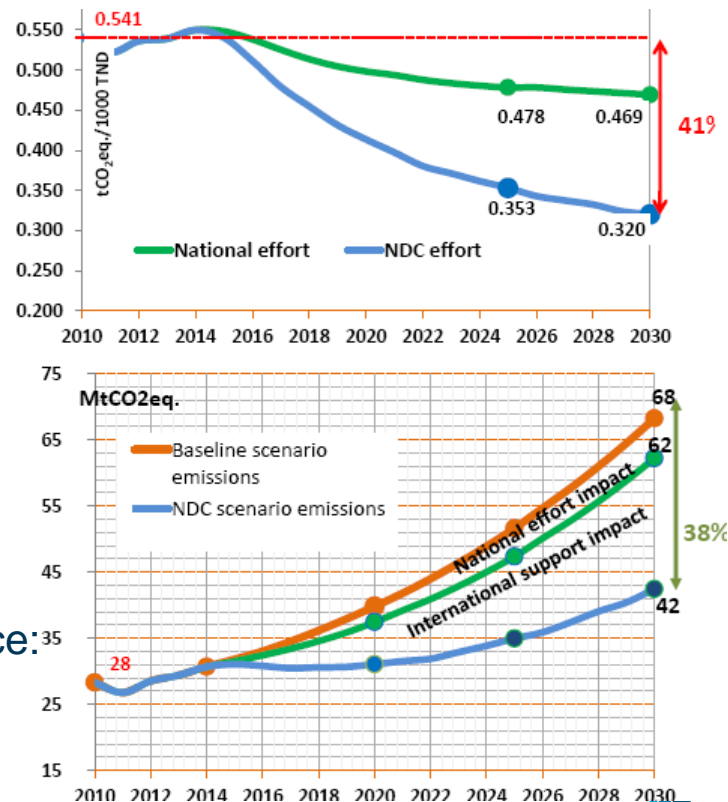
| Speaker | Topic |
|---|---|
| Mohamed Zmerli (UNFCCC Focal Point, Tunisia) | Welcoming and introductory remarks |
| Afef Jaafar (ANME, Tunisia) | Levers to raise ambition in the energy sector in Tunisia |
| Nathalie Lazaric (Université Côte d'Azur) | Learning by observing and reduction of energy consumption |
| P.C. Maithani (Ministry for new and renewable energy, India) | Lessons learned from energy transition in India |
| Hanh Dang (VNEEC, Vietnam) | Renewable energy mitigation options and the contribution toward the NDC targets |
| Discussion with the audience | |

Tunisia – a “low carbon economy”



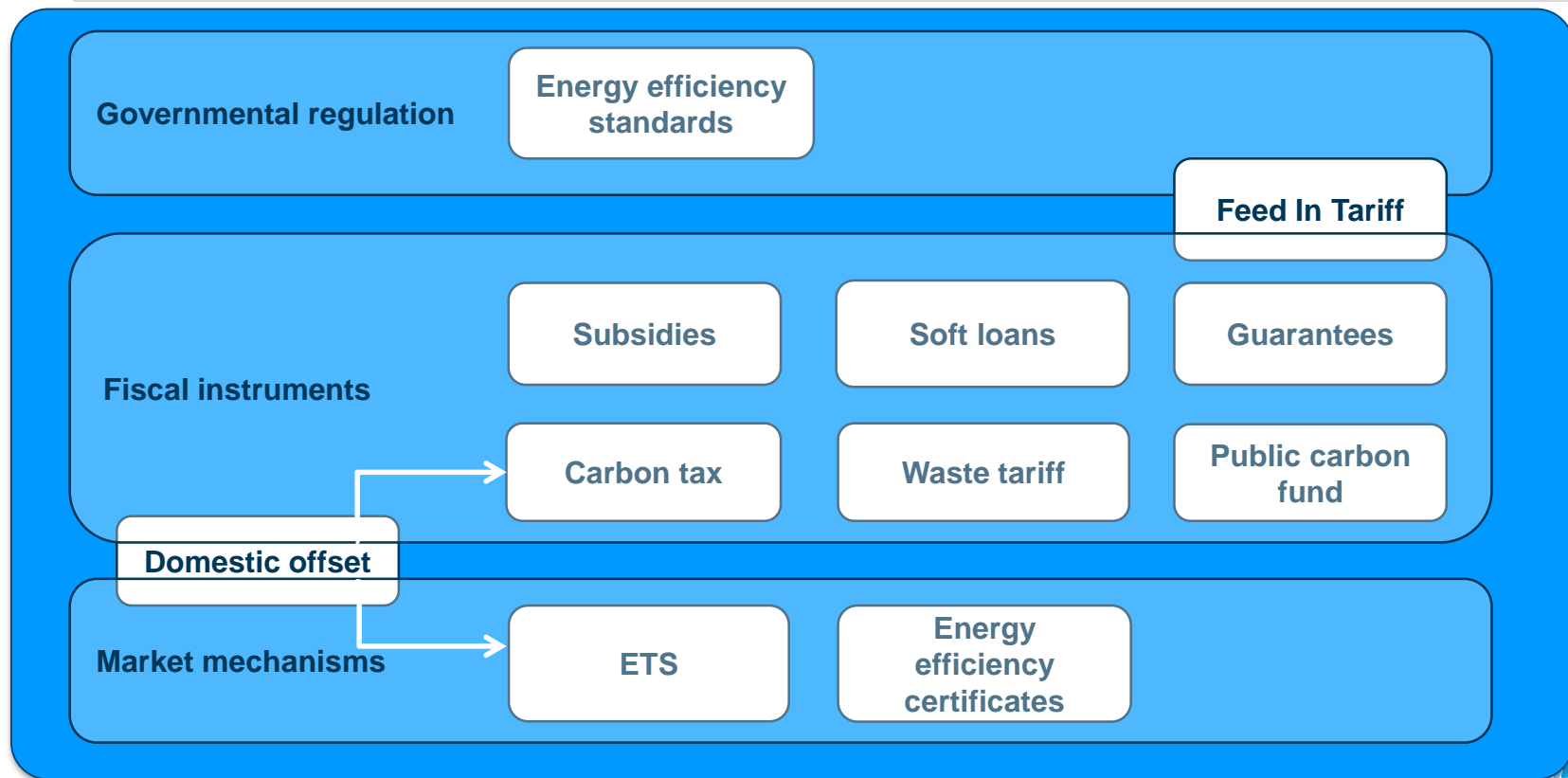
Tunisia – NDC approach to 2030

- Key role of energy sector
 - 73% of NDC target
- Massive investment needs
 - 15 billion USD for energy
- Wide range of energy-related NAMAs as pillars for action in energy system
 - Solar Plan
 - Buildings sector
 - Cement sector



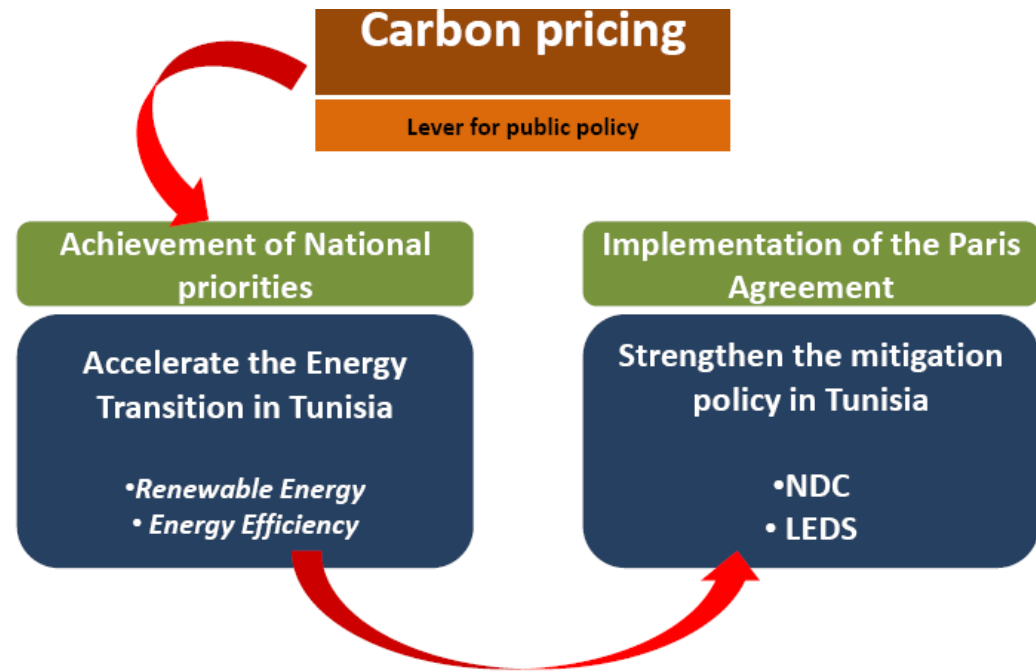
Source:
NDC,
2016

Policy instruments that could underpin NDC implementation



Carbon pricing as instrument in Tunisia

- **Carbon tax**
 - Revenues for Energy Transition Fund (FTE)
 - Quadrupling resources
- **Results-based finance for renewable electricity**
- **Carbon pricing for the cement sector**
 - Basis: voluntary agreement



Source: MRP, 2018

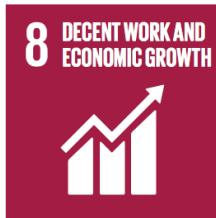
Introducing mitigation policies for energy transition

- **Interest group constellations determine the success/failure of a policy instrument.**
 - constellations are **temporary** (example: feed-in-tariff)
 - “windows of opportunity“ are **short-lived**
- **Policy instruments generate varying price signals depending on the strength of interest groups**
- **Redistribution is crucial!**



Sustainable Development Co-Benefits

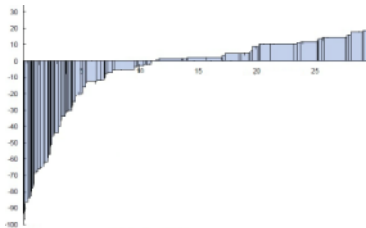
- **Justification of mitigation policy instruments through their benefits in other policy fields**
 - SDGs as approach for classifying co-benefits
- **Environmental co-benefits: Mitigation of air pollution**
- **Economic co-benefits of carbon pricing policies e.g. through redistribution policies**



Framing of policy instruments for energy transition

- **Mitigation policy instruments can be framed as business opportunity, combining market mechanisms for mature technologies with public investment programmes for emerging technologies**
 - Will those efforts suffice to reach a 1.5°C-compatible path?
- **Alternative framing as a (global) societal emergency.**
 - Will there be a willingness to deal with impacts far from the Tunisian national context?

Key barriers for mitigation policy instruments



- Lacking belief in **mitigation cost estimates**

- Policymakers see marginal cost curves as artifacts without real-life significance

- Effective opposition of **emitter lobbies**

- Electric utilities and industry lobbies are usually politically powerful, as they are **strongly concentrated** and contributed to **past development of Tunisia**
- As most **low-cost** measures are **concentrated in energy and industry**, a key chunk of abatement potential is lost



Key barriers for mitigation policy instruments II



- Focus on **politically salient high cost** measures
 - Low cost measures are often “**boring**” and do not relate to visible high technology
 - Policymakers like to deal with **glitzy technology** that can be unveiled in spectacular fashion



- **Consumption growth** overrides carbon intensity reductions



- Even if measures are successful, increasing consumption will be a powerful counterforce

Successful introductions of policy instruments did...



- ... use **political windows of opportunity**
 - Energy crisis allowed drastic energy efficiency measures (Brazil)



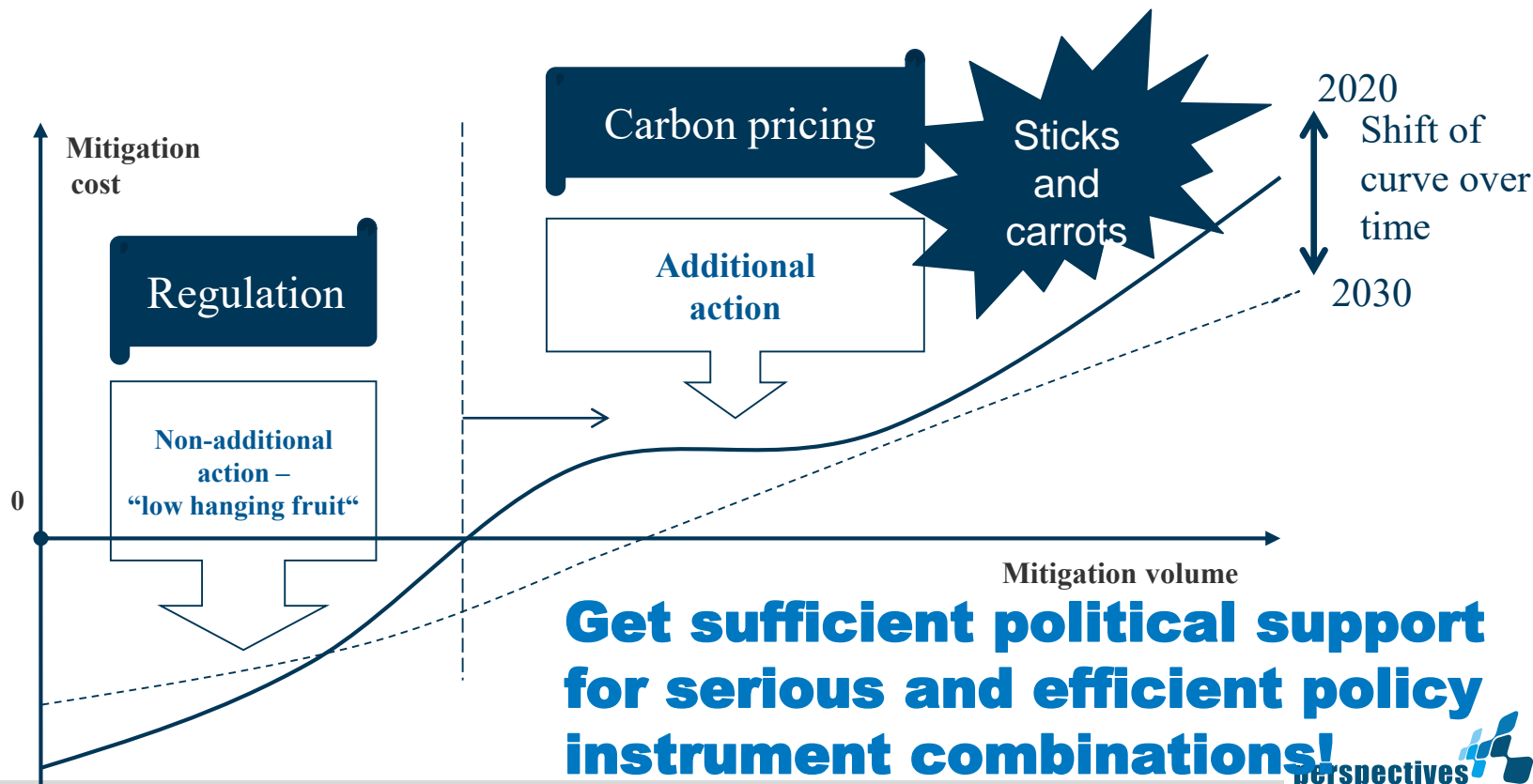
- ... **align powerful economic interests**
 - Ethanol programme provided a new outlet for **sugar industry** (Brazil)
 - Wind power feed-in-tariff brought together **farmers'** and **metal industry** lobbies (Germany)



- ... **build on backing of key individuals**
 - World's first bus rapid transit programme pushed by long-serving mayor of Curitiba (Brazil)



Recommendation for policy mix



Key questions for the side event

- How can **effective mitigation policy instruments** be introduced in the context of **Tunisian NDC implementation**?
- How can **Tunisia mobilize its huge renewable energy potential**?
- **What are Tunisian approaches in the context of NDC revision? What role will carbon pricing play?**
- **How can the 1.5° imperative be “brought down” to the implementation level?**



Thank you!

Axel Michaelowa

michaelowa@perspectives.cc