

REEEP in the news

REEEPing the benefits of renewables

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Clean energy partnerships that link countries with sharply different climate change policies together are no longer quite so rare as they were. They can be a difficult balancing act for all involved, especially when policies clash. And they can also be nothing more than glorified talking shops, where little of substance is ever decided. But when all parties are united by a common goal, then much progress can be made.

The elaborately titled Renewable Energy and Energy Efficiency Partnership (REEEP) is one such organisation that is harnessing a tidal wave of interest in renewable energy investment. REEEP is in the business of acting as a catalyst for renewable energy and energy efficiency development. This means trying to unite both the corporate sector and government policy makers in one concerted effort.

REEEP aims to accelerate the market for renewables and energy efficiency by improving policy and regulatory frameworks and developing innovative finance mechanisms and is currently undertaking 50 projects in 40 countries with a focus on emerging markets such as India, China, and Brazil.

REEEP, at first glance, seems to be almost bewilderingly widespread and diffuse. Now four years-old, REEEP links a large web of nations, companies and organisations together.

REEEP was formed by the UK government at the Johannesburg Earth Summit in 2002. Singapore and Argentina have become the latest countries to link with the partnership (AGE, October 2002, pp9-13). Other REEEP partner countries and multinational organisations include Kyoto protocol opponents the US and Australia, as well as the European Commission, the Organization of American States — but not Russia.

The list of businesses, academic institutions and non-governmental organisations (NGOs) involved is even more extensive. But REEEP incorporates only one big multinational — BP and ABN Amro. Most of the other 162 firms and organisations are either renewable energy specialist firms, or scientific organisations from across the world — including companies from China.

REIL Way

In addition to its extensive project work and membership, REEEP has another set of strategic initiatives, and one particularly active part of this is the Renewable Energy and International Law (REIL) project. REIL director Leslie Parker defines REIL as "the part of REEEP that pursues the development of a legislative framework that supports the development of the clean energy and energy efficiency globally." Without such a framework, the sector faces numerous growth difficulties.

REIL member Martijn Wilder, who is head of Baker and McKenzie's Global Clean Energy and Climate Change Practice, one of the founding associates of REIL, sees REIL's mission as helping to write "a book of law and the policy around it".

The absolute basic first step is to make sure that each country on a national level passes the right kinds of renewable energy laws. India is one such country where REIL is active at present, helping to develop a wide-ranging model of renewable energy legislation.

Parker is excited by an apparent sea change in the renewables sector, especially in the US. President George Bush's public avowal of the need for the US to cure its "addiction" to oil has meant that the federal government is now more serious than it has ever been about establishing a viable renewables sector.

Parker sees a new willingness from both companies and governments to actually step outside the usual

vicious circle of blame and counter-blame. In the past, firms have tended to blame governments for a lack of regulatory certainty, while governments in turn have blamed firms for not providing the investment needed to push to push renewables into the mainstream. This is now changing.

“Now the renewables sector is really awash with capital,” says Parker. According to some estimates, up to 10pc of all venture capital in the US will be going to sustainable development, renewable energy and energy efficiency.

Big energy firms and other big players are clearly interested in renewables and have been for a while, but so are specialist firms with a now international reach, such as Spanish wind firm Gamesa. Investment banks and hedge funds are also now entering the renewables sector. “Discussions between business and policy makers are so much more advanced than they were even a couple of years ago,” Wilder says.

REIL held what it billed as “an experts round table” to bring together policy makers and business at Yale University in the US in April, to discuss what needs to be done on a legal plane to enable international renewable energy growth. Particularly interesting, as Parker notes, were the discussions held on the sidelines of the meeting. Such potentially fertile dialogue is the very reason for REEEP’s existence.

REEEP’s own project portfolio is still comparatively modest. Unlike the World Bank, REEEP does not have massive funds to invest into clean energy projects. REEEP’s finance committee this year approved 32 new projects for funding in its fourth and fifth project round. The UK, Ireland and Italy came up with €2.2mn (\$2.8mn) in funds and REEEP’s total budget is €7mn.

Far-flung initiatives

The 32 new projects include various regulatory or financial initiatives in countries like Kazakhstan, Liberia and Tunisia. They include — true to REEEP style — a wide range of projects that broadly fall under the category of general capacity building. REEEP’s 18 existing projects from its third round are still under way and should be all complete by the end of this summer.

REEEP’s approach on its given subject is strongly pragmatic. As Parker says, REEEP is not in the business of picking potential winners but what actually works. Two core points Parker and Wilder stress are that “business and industry need to become policy makers rather than policy takers”, and that policy constancy and longevity are critical.

The US wind industry has had its own bitter experience of stop-start government support with the regulatory uncertainty caused by the application, then removal, of tax breaks.

REEEP has what Parker sees as two key resources – its convening power and what Parker calls “power on the ground”. REEEP, she says, “creates space where policy makers and business can engage”.

Critics of such large and diffuse organisations point out that convening power can generate simply too much hot air - and not enough action. Certainly REEEP seems to have generated enough in the way of reports, papers and conference speeches to fell a small forest. But this is a clear sign that dialogue is occurring and all sides are starting to engage.

Given its 2002 birth at a disappointing time for renewables, REEEP has managed to survive with both its credibility and relevance intact. One lucky break has been the softening of the Bush administration’s stance on renewables in its second term of office. This has brought the corporate US sector into the arena – a sector which seems determined not to miss out on the business opportunities that now exist for renewables and energy efficiency. If REEEP does what it says it wants to do, then the renewables sector will finally emerge from its lengthy developmental phase into the mainstream, complete with robust policy and legal framework.



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