

New Report Launched at COP16 Aims to Cut Expected US\$ 26 Trillion Energy Costs by 2030

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Geneva, Switzerland, 7 December 2010 – A new World Economic Forum report developed in partnership with Accenture was presented today at the Green Solutions Event at COP16 in Cancun. The Energy Efficiency: Accelerating the Agenda report emphasizes the urgent need for energy efficiency to be at the forefront of the global agenda.

Energy demand is expected to increase by 40% by 2050. The estimated capital required to meet projected energy demand through to 2030 amount in cumulative terms to US\$ 26 trillion. Of all the energy options, energy efficiency is able to provide the largest capacity for cutbacks in energy demand in the medium term. This potential can be measured in energy savings, cost savings and reduction in emissions. Research has identified that of the carbon abatement required, 57% could be achieved through implementation of energy efficiency measures by 2030.

Despite commitments to energy efficiency made to date, there is a substantial gap between policy and implementation, challenging the concept of energy efficiency as “ low hanging fruit ” . The Energy Efficiency: Accelerating the Agenda report sought the expertise from over 20 stakeholders across the public and private sectors to create a pulse check on where energy efficiency stands today and address solutions to bridge the gap. The report reveals reasons behind this gap range from market to institutional failures, which need to be overcome if energy efficiency is to be used to effectively meet rising energy demand, support economic development and meet the critical challenges of climate change, energy security and economic competitiveness.

“ Tapping into the largely unrealized potential of energy efficiency will be critical for us to meet growing energy demand of the 21st century without leading to water, food or social crises, ” said Pawel Konzal, Head of the Oil & Gas Industry, World Economic Forum.

Energy Efficiency: Accelerating the Agenda focuses much more on the roles that the varying stakeholder groups can play rather than on identifying industry-specific recommendations in an effort to provide cross-sector market clarity and identify market accountability.

The report looks at three stakeholder groups – policy-makers, international and non-governmental organizations, and the private sector – and identifies key challenges that must be overcome to accelerate energy efficiency implementation:

- Access to capital: Aggregating energy efficiency projects in a bankable way is not easy, so it is difficult to access capital
- Regulation: Lack of the right regulatory structures means there is less incentive for investment in energy efficiency
- Reporting: Measuring and reporting on energy efficiency is not uniform or well understood, leading to higher perceived risk and confusion
- Skills and capacity: Lack of skills and supply chains to enable implementation of measures means there are insufficient energy efficiency investment opportunities
- Standards: There are no international standards for globally traded products reducing the market size and incentive for improvement

“ Energy efficiency remains a big prize, but it cannot be delivered by one set of stakeholders, ” said Mark Spelman,

Accenture ' s Global Head of Strategy. “ To create a step change and capture the potential of energy efficiency, we must ensure a more systematic and rigorous dialogue between the public and private sectors. The private sector can do more for its part by beginning to forge more innovative global alliances. New business models combined with new financing mechanisms to support global scale-up will demonstrate the positive business case for energy efficiency. ”

The report ' s output formed an integral part of private sessions co-hosted by the World Economic Forum and the Mexican Government at Green Solutions alongside the COP16 negotiations in Cancun, with the ultimate objective to inspire concrete action across stakeholder groups throughout 2011.

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