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Energy Experts Blog

Evaluating energy and environment policy

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[Global Game-Changers in Energy and Climate Change](#)

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Which parts of the world are leading the way on energy production and global-warming policy? And what can the United States learn from them?

Countries around the world are showing great potential for producing significant amounts of oil and natural gas, including Brazil, Iraq, Ghana, and the Ivory Coast. What does this growth mean for the United States and U.S.-based energy companies and environmental groups?

Meanwhile, China is moving more aggressively on policies controlling greenhouse-gas emissions that come from the use of coal, natural gas, and oil. This is significant, considering the Asian nation is the top coal producer and consumer, accounting for about half of the global coal consumption, [according to](#) the Energy Department's Energy Information Administration. China is also the second-largest consumer of oil, behind the United States. China is exploring ways to tap the shale natural-gas reserves in its country. What do China's actions on climate-change policy and energy production mean for U.S. action on these fronts?

What other countries are leading the way on energy production, whether from traditional fossil fuels or renewables, or some other kind of energy not yet gaining attention? What global-warming policies enacted in other countries, such as Australia's carbon tax and the European Union's cap-and-trade, could be a model for other countries?

What is the rest of the world doing that America should be doing too?



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Learning From Developing Countries

By [Ned Helme](#)

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Emerging economies are showing leadership in adopting climate-conscious policies. In an effort to grow sustainably, developing countries are taking the lead on addressing climate change with policies known as [nationally appropriate mitigation actions \(NAMAs\)](#). NAMAs are transformational programs that not only reduce greenhouse gas emissions but also spur sustainable development, reduce poverty and catalyze private sector investment.

The Center for Clean Air Policy has worked closely with developing countries in Latin America and Asia to structure and develop NAMAs in the renewable energy, transport and waste sectors. Recently, we convened a Global NAMA Financing Summit in Copenhagen, Denmark, with the Danish Ministry of Climate, Environment and Buildings. Built on two years of collaboration, this event marked a milestone in climate finance support, NAMA interest in developing countries, and the future of NAMA policy. For the first time, high-level government officials from developing countries in both Latin America and Asia – including Pakistan’s Federal Secretary for Climate Change, and vice ministers from Colombia, Costa Rica, and Uruguay – presented their NAMA proposals. High-level representatives from key developed countries, multinational development banks, other international finance institutions, and private sector CEOs also presented on their institutions’ availability for climate finance and their framework for making funding decisions. In total, CCAP showcased 14 NAMAs from 10 developing countries. These NAMAs couple ambitious policy actions in key sectors with financial mechanisms that can mobilize private sector investment.

An example of a NAMA that is poised to have a large impact on renewable energy investment and deployment is the [Price Stabilization Fund](#) in Chile. This NAMA would spur solar and wind power generation by addressing the financing barriers for renewable energy projects. Chile's deregulated electricity market is subject to wide fluctuations in its spot market price. Due to these large price swings, intermittent renewable projects cannot obtain power purchase agreements, making banks reluctant to invest. The price stabilization fund would address this investment barrier by executing long-term, fixed-priced payment contracts with renewable project developers. It would provide certainty to investors by guaranteeing a price for renewable energy and assuming the spot market price risk. Every \$10 million in the price stabilization fund could support 100 megawatts of renewable energy, initiating \$200 million in investments in renewable energy from the private sector, and avoiding 4 million tons of green house gas emissions over the life of the project.

With Chile on a trajectory to add between 8,000 and 10,000 megawatts of new energy capacity by 2020, renewable energy has the opportunity to play a critical role in the country’s energy and

climate strategy. The price stabilization fund is just one example of how developing countries are pursuing NAMAs to achieve climate mitigation, sustainable development, and poverty reduction. NAMAs demonstrate developing countries' leadership in crafting innovative climate policies. The United States could learn from these examples that economic growth and effective climate policy can go hand in hand.