

WBCSD Council Meeting in Mexico

Business perspective on climate action & policies

18 October 2017



Our Objectives

Information hub

Help companies understand the landscape, influence policies, showcase leadership



United Nations
Framework Convention on
Climate Change

Work collectively

Developing transformative solutions to decarbonize the economy



Amplify

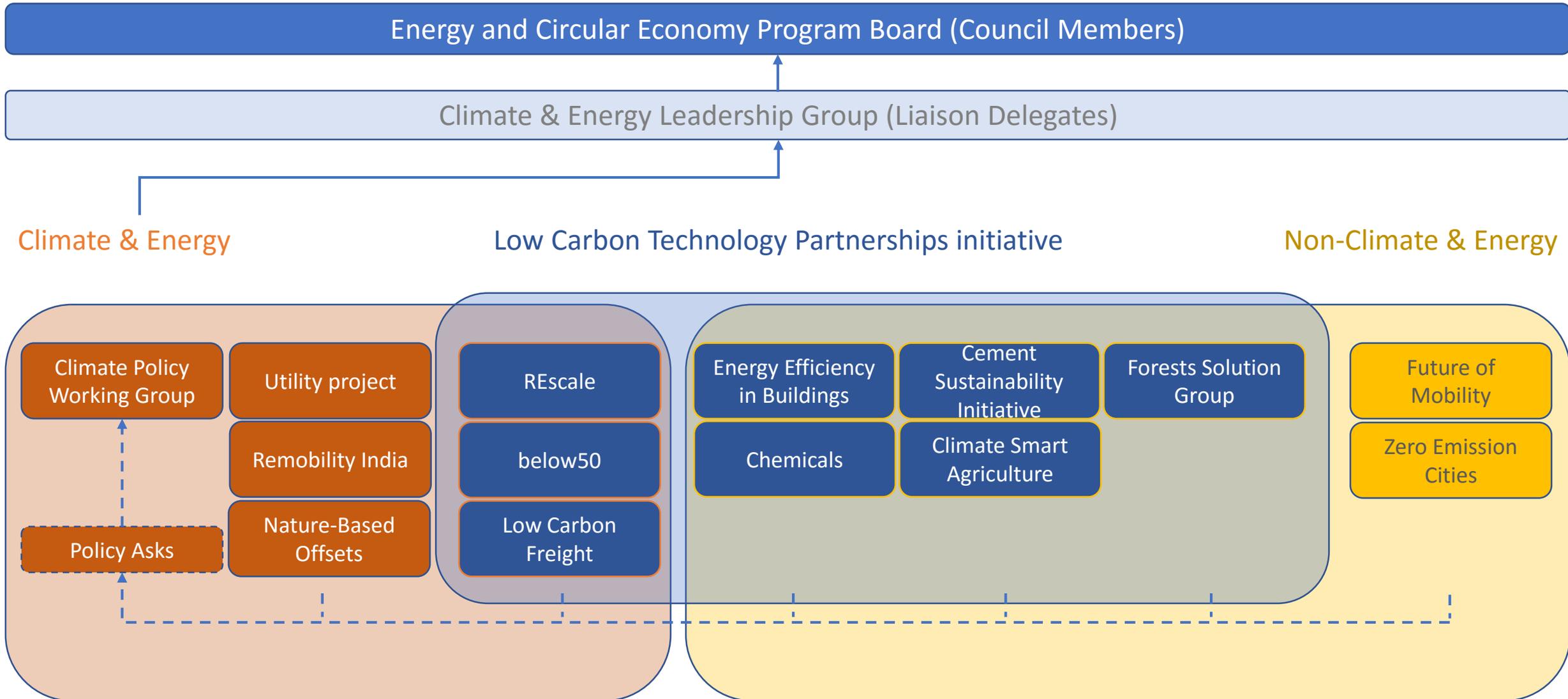
Be the voice of global business, leverage our network and relationships to embed solutions



**WE MEAN
BUSINESS**



Governance



New publication on carbon pricing

In early summer 2017, we created a small contact group to update WBCSD's 2011 publication on carbon pricing.

- EDF, Iberdrola, Mitsubishi Chemicals, Shell and Solvay.

As an increasing number of jurisdictions have adopted or are considering adopting carbon pricing, this document focuses on the 'what' and 'how' rather than the 'why'

Aims to **guide policymakers considering carbon pricing** mechanisms in their choice of instruments and some key design principles, and

Stimulate **more detailed discussions** between policymakers and business leaders on how best to implement carbon pricing.

Next: The «White Paper» will be available for COP23. Final design and printing in Q1 2018 to include new WBCSD logo and



Contents

1. Introduction

- What it is (and what it is not)
- Why it is needed
- Long-term signals
- Ex-post analysis of the impact of carbon pricing

2. Implementation of carbon pricing

3. Key design considerations

- Competitiveness
- Social impacts and use of revenues
- Offsets and Carbon Pricing
- Interplay with other policies and implied carbon costs

4. Future directions

- Building a global trading structure

5. **Conclusions** – Why is pricing the preferred instrument of choice for addressing carbon emissions?

COP23 Policy asks

The time for high-level and generic messages on climate ambition is over

Need to support negotiators with text in their own language

Need to speak to the issues that they are grappling with and they prioritise



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Issues at stake in Bonn:

Facilitative Dialogue

- Get a seat at the table for business
- Ask for written input to be accepted
- Ask for dialogue outside official UNFCCC meetings

Marrakesh Partnership

- Fix! Need policy dialogue
- Ask for role in convening official dialogues outside UNFCCC

Climate resilience

- Same as for Facilitative Dialogue

Distributed leadership

- Showcase and recognize business leadership, support local and regional government

Carbon pricing

- Ensure Article 6. allows credit transfers

UNFCCC COP23



Overview of COP23

COP23 will take place across 6-17 November in Bonn.

Main official event programme is made up of the Marrakesh Partnership / Global Climate Action agenda, taking place 10-14th November.

Most likely CEO attendance for events to fall around 13-15 November for high level segments (not including other side events).

WBCSD is leading the planning of side events on the Industry theme Sun 12th and Innovation Tue 14th (other partners: UNIDO, CCAC, WMB, ICC).

WBCSD is planning the 2nd Low Emission Solutions Conference, which is set for the evening of 13 November (other partners: SDSN, ICLEI)

WBCSD is helping companies to connect with the organizers of the other themes.

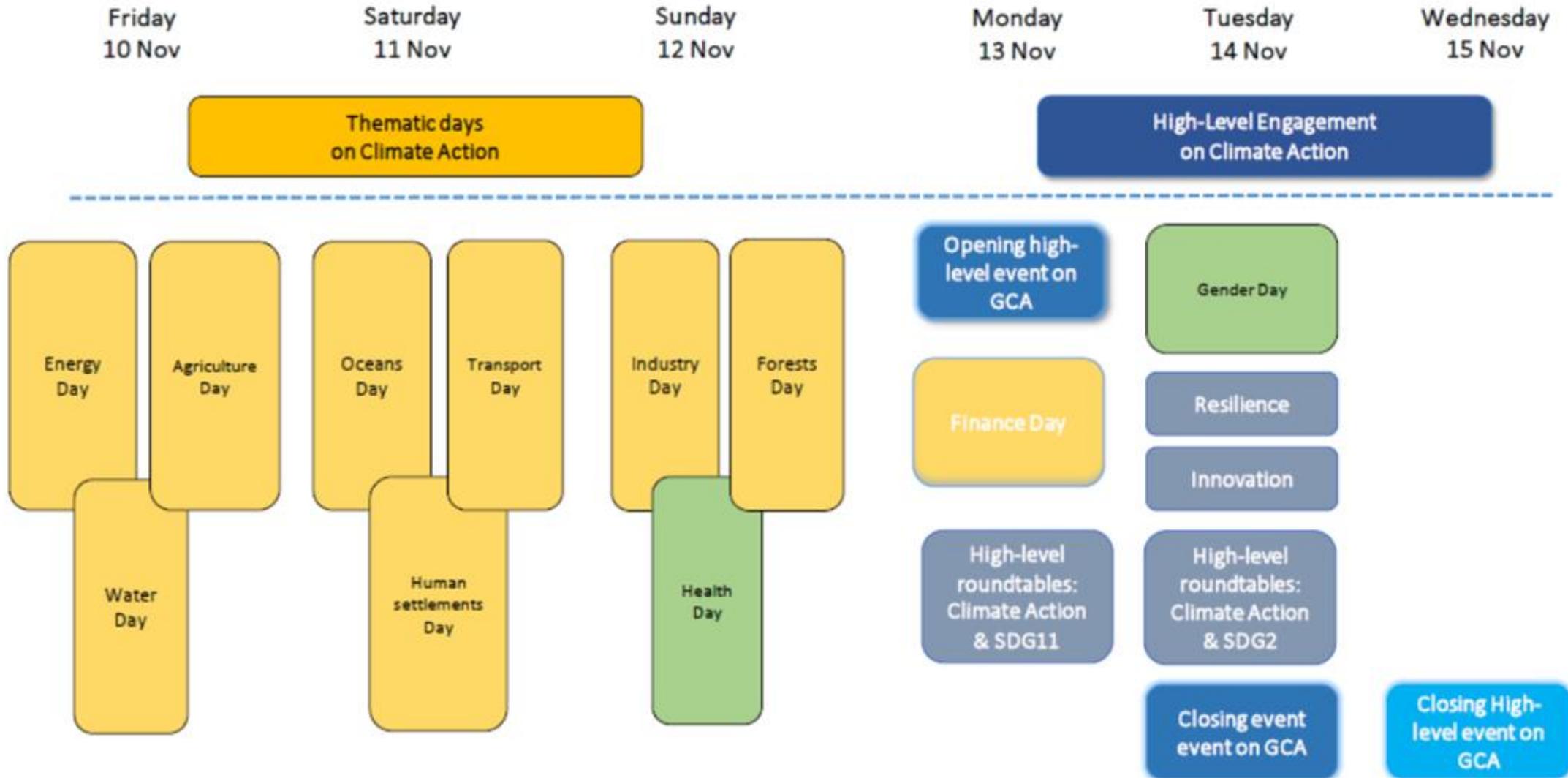
We will be testing a new policy-asks approach at COP23



What is happening at COP23?



Overview of MP thematic days



Industry Day

November 12, 2017			
	Room 2, 300 person capacity	Room 12, 150 person capacity	Room 10, 150 person capacity
10:00-10:15	1. Opening of Industry day		
10:15-11:15	2. Industry 4.Future: creating jobs, accelerating clean energy and enabling policies		
11:30-13:00		3.A. Mainstreaming Climate Risk	3.B. Innovation in materials and design: catalysis for the transition to a low-carbon future
13:15-14:45		4.A. More freight but lower emissions: too good to be true?	4.B. Opportunities to reduce waste and increase efficiency with industry 4.0 solutions across the food supply chain
15:00-16:30		5.A. Catalyzing local climate action in waste management	5.B. Cementing a low-carbon construction sector
16:45-18:15	6.A. Further, faster corporate climate action	6.B. Pathways and strategies to keep warming well below 2°C	
18:30-19:30	7.A. Circular economy and climate change: Opportunities for NDC implementation in developing and emerging countries	7.B. Part of the plan: The role of low-carbon fuels in transport	
19:30-20:00	8. Closing of Industry Day		

Innovation Day

13:15

Opening keynote

13:30

Effective policy frameworks for Innovation

Keynotes: 1 Business + 1 Government

High-level panel: 3 CEOs + 3 Ministers/Majors

Q&A with audience

14:45

Innovation needed to meet the Paris Agreement

Keynotes: 1 Business + 1 Government

High-level panel: 3 CEOs + 3 Ministers/Majors

Q&A with audience

16:15

Closing keynote

COP23 Low Emissions Solutions Conference (LESC)



At GOP Theatre within Bula Zone

BUT No badge required, separate tickets will be issued

Registration requests accepted by Friday this week

New format due to agreement with UNFCCC: Dinner event

Aim to promote dialogue between business, government and academia. 350 participants of which:

- 120 government (mainly cities and regions but also national)
- 150 business (mainly wbcSD but also others)
- 40 academia

New format of engagement allowed by venue set up: less speakers on stage, more interactive dialogue across all participants

Promoting mixing of people and dialogue among tables



**Low Carbon Technology Partnerships initiative
LCTPi**



2017 Progress report launching at COP23

LCTPi is a unique, action oriented program that brings together companies and partners to accelerate the development of low-carbon technology solutions to stay below the 2°C ceiling.



Highlights from 2017 Progress Report:

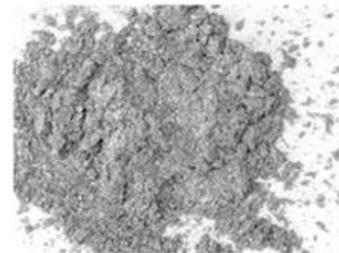
- **20 new companies** joined LCTPi this year, for a total of 185 since the start
- **105 companies** have now made 119 public endorsements of LCTPi, a **16% increase**
- **85% of companies** acknowledge that LCTPi has supported their company's action on climate change and
- **42% of these companies** believe that LCTPi activities have strengthened their climate actions



REscale



Chemicals



Cement



Low Carbon Freight



Climate Smart Agriculture



below50

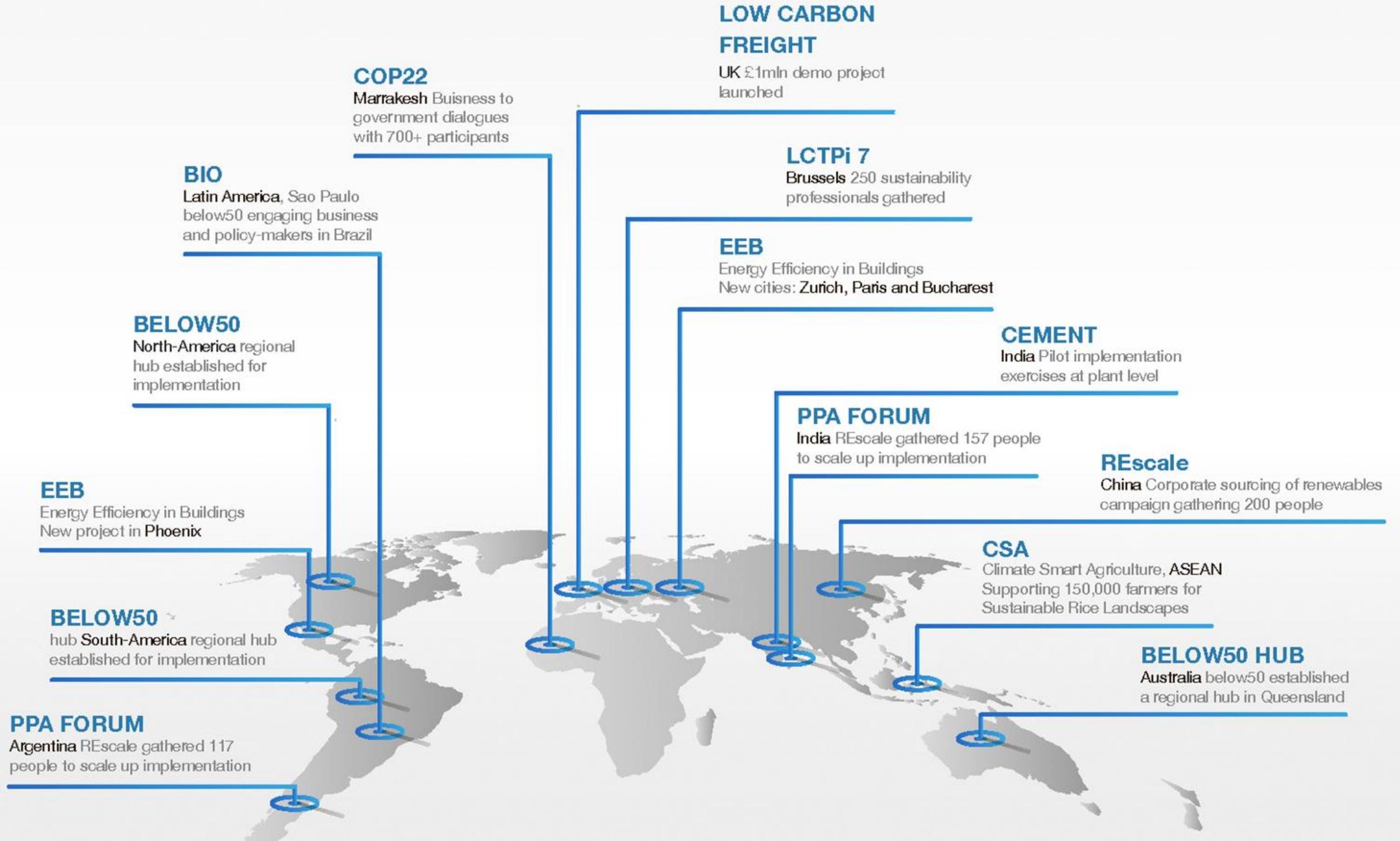


Forests & Forest Products as Carbon Sinks



Energy Efficiency in Buildings

2017: From ambition to local implementation



Our projects



REscale (Renewables)

Ambition: Renewable energy is reliable and increasingly competitive and we believe that **3.5 TW of capacity can be deployed by 2025**.

Through REscale, leading companies representing the full renewable supply chain are working together on solutions to accelerate the deployment of renewables beyond average growth and transition to a low-carbon electricity system. REscale is unique in that it brings together the full supply chain (incl. technology providers, utilities, demand and investors).

1. **Scaling Corporate Renewable PPAs:** Increase understanding and use of Corporate Renewable PPAs (Power Purchase Agreements) – globally – and increase bankability of projects;
2. **Low-Carbon Microgrids:** Demonstrate technologies and innovative business models which will allow business solutions to become business-as-usual and thus, reach scale in the deployment of microgrids;
3. **Renewable Finance:** Facilitating the significant scaling up of finance for renewables by exploring new investment vehicles - focus on aggregation tools for renewable-based microgrids.



Sample of companies engaged:



Utility project

Ambition: Navigate the changes affecting the energy industry, including the growing electrification of end-uses and new business models.

Decarbonization and electrification:

1. The power sector amidst decarbonization and electrification
Combine existing research into a **common narrative** for the power sector transition integrating expected power demand increases from other sectors and highlighting required low-carbon and flexible generation technologies.
2. Energy services: Business opportunities beyond power
Review: **emerging business models** at the intersection of power & heat and power & mobility (sector coupling) with pre-dominantly decentralised generation using case studies; new **partnership opportunities** across private and public sectors; changing **customer value propositions**.

Utilities and sustainability practices:

3. A Utility Sector Guide on Science Based Targets:
Establishes a collective approach to SBT setting in utility industry (particularly around Scope 3) which is validated by peers and stakeholders.
4. Utilities and the SDGs:
Which SDGs are playing a particularly important role for utilities and where can they as an industry together achieve impact? To be evaluated at the end of 2017.



Sample of companies engaged:



REmobility India

Ambition: Increasing the deployment of low-carbon energy services for commercial and industrial sites.

Focussing on:

1. Increasing renewable power supply (on or off-site)
2. Deploying electricity & energy storage options
3. Growing electric mobility solutions
4. Energy management systems

This new project will:

- Work as a **platform** that brings together the full value chain.
- Identify the technology, financing and market **challenges restricting the deployment** of RE and EV solutions.
- Facilitate a **review of the policy and regulatory frameworks** which impact deployment of new business models for RE and EV
- Develop concepts to overcome the identified barriers using **collaboration and innovation in business models**.



below50 (low-carbon transport fuels)

Ambition: Dramatically reduce CO2 emissions by replacing 10% of global transportation fossil fuel use with Low Carbon Fuels in 2030

1. **Campaign:** Create a global game changer campaign on low carbon transport fuels to reframe its perception and gather a critical mass of supporters.
2. **Online Marketplace:** Present relevant below50 technologies to potential customers and link up the value chain for new projects.
3. **Regional Dialogues:** Collaborate with Governments and other stakeholders around the world to raise awareness of LCTF solutions and explore opportunities to create new Public Private Partnerships.



We are technology neutral and **growing the portfolio**; currently covering:

- Conventional Ethanol, Lignocellulosic Ethanol, Engineered Photosynthesis, Power to Fuels (gas & liquids), Waste Gas to Fuels, Woody Biomass to Fuels



Sample of companies engaged:



Low-carbon freight

Ambition: Demonstrate the unmapped potential of collaboration in road freight transport to meet a science-based target of **48% reduction** in absolute emissions between 2010 and 2050 through:

1. Road Freight Lab

Show how smart logistics solutions can reduce road freight emissions. Make route optimization software available to SMEs and promote shared fleets and infrastructure.

Status: We are now building a £1mln demonstration project in the UK.

2. Freight Procurement

Develop Sustainable Freight Procurement Guidelines that assists multinational companies to drive emission reduction action by subcontracted logistics services providers, freight forwarders and carriers.

Status: Scoping out the project and seeking external funds to support



Sample of companies engaged:

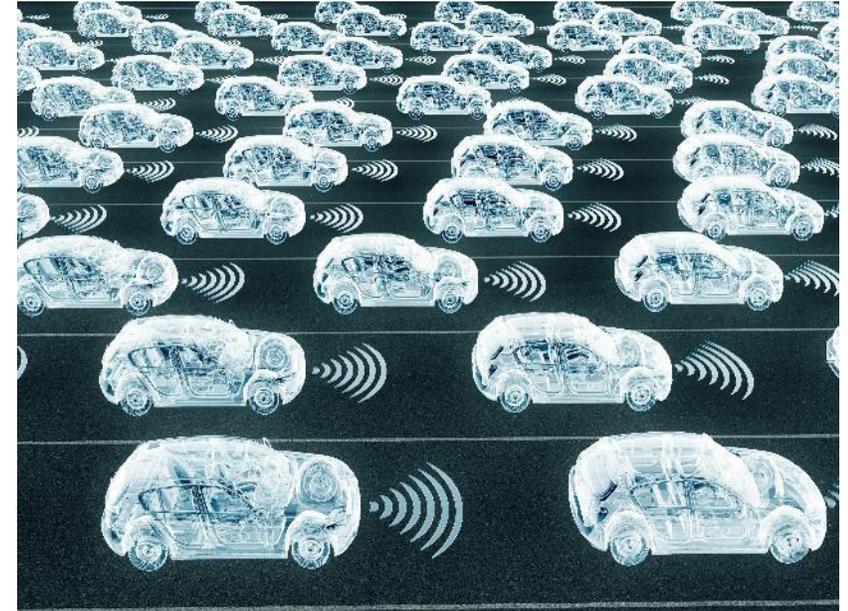


Future of Mobility (FoM)

Vision: Accelerating the transition towards clean, safe and smart mobility for all

Objectives:

- Create a **safe space** for members to discuss about the FoM and its sustainability implications;
- **Provide an umbrella** for, and expand the current portfolio of mobility projects;
- Bring **innovative ideas** from all relevant sectors and companies;
- **Map the current landscape of initiatives**, identify key players, develop strategic collaborations & shared understanding of the added value of FoM;
- Build a **cohesive narrative** and advocacy for WBCSD's mobility related projects.



Companies engaged:



Scaling up Natural Climate Solutions (NCS)

What it is: A new working group, NCS is an established means of capturing and storing CO₂ emissions through natural carbon sinks such as forests and wetlands.

Why it is needed: The scale of emissions reductions pledged through the Nationally Determined Contributions (NDCs) is insufficient to limit global warming to 2°C, leaving an emissions gap. Coupled with the challenging and slow transition to a low-carbon energy system, we need available, interim solutions.

Features of NCS

- **Immediate opportunity:** NCS helps to bridge the gap until other low-carbon solutions are deployed at scale or to compensate emissions where no alternative options exist.
- **Climate mitigation and co-benefits:** NCS also delivers improved biodiversity, water quality, livelihoods and protection from storm and climate impacts.

Business case: Today, investment in NCS does not reflect its full potential. There is a clear opportunity for the private sector to step up and take a leadership role in scaling up this solution through carbon financing and investment.



Objective of the workstream:

1. Raise awareness of the potential of NCS as a cost-effective, short-term solution for tackling climate change.
2. Mobilize different stakeholders, e.g. business, NGOs, standard agencies, project developers, to align and enable the implementation of NCS as a credible mitigation option, in addition to companies' broader decarbonization strategy.
3. Secure commitment by business to invest in/finance NCS.

DialoguE on European Decarbonisation Strategies

DEEDS

DEEDS has started in October 2017 and will end in September 2020.

It is supported by the EU Horizon 2020 framework, implemented by a consortium of leading European research organisations on decarbonisation

Has a total budget of about **3 mln Euro**

The European Decarbonisation Pathway Initiative (EDPI) supports EU research and innovation policy by providing science-based evidence and informing decision makers of the main challenges and available routes to decarbonise the European economy towards 2050.

Goal:

DEEDS will support DG R&I and the High-level Panel through delivering state-of-the art knowledge on decarbonisation pathways and through facilitating knowledge co-creation with policy, business representatives, scientists, NGO's and other stakeholders in the DEEDS dialogue.



Key dates in 2018





Thank you!

