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Istanbul, Turkey

IICEC 7th INTERNATIONAL ENERGY AND CLIMATE FORUM

“PARIS COP21: WHAT IMPLICATIONS FOR ENERGY INDUSTRY?”

The 7th International Energy and Climate Forum of Sabancı University’s Istanbul International Center for Energy and Climate (IICEC) was held in Istanbul on June 10, 2016. The event was hosted by Sabancı University Board of Trustees Chairman **Güler SABANCI** and IICEC International Steering Committee Honorary Chairman **Dr. Fatih BİROL**.

The Forum began with the speeches from the lectern by the top leaders of energy sector, including IEA Executive Director and IICEC Honorary Chairman **Dr. Fatih BİROL**; Undersecretary of the UAE Ministry of Energy, **Dr. Matar AL NEYADI**; Member of the Parliament and President of the Grand National Assembly of Turkey, Industry, Energy, Natural Resources, Information and Technology Committee, **Ziya ALTUNYALDIZ**; Special Advisor of the Prime Minister of Japan, **Eiichi HASEGAWA**, and Chairman and CEO of E.ON SE, **Dr. Johannes TEYSSEN**.

The speakers of the first panel, under the title of “How to Reconcile Energy and Climate Objectives? (I)”, included Special Advisor of the Prime Minister of Japan, **Eiichi HASEGAWA**; Ambassador of European Union to Turkey, **Hansjoerg HABER**; Ambassador of Ukraine to Turkey, **Dr. Sergiy KORSUNSKIY** and Power and Gas CEO of Siemens AG, **Willi MEIXNER**.

The second panel, titled as “How to Reconcile Energy and Climate Objectives? (II)”, was moderated by the President of Sabancı University, **Prof. A. Nihat BERKER**, and the speakers were the leading executives from Turkish energy industry; Country Chairman of Shell Turkey, **Ahmet ERDEM**; President and CEO of GE Turkey, **Canan ÖZSOY**, and President of Sabancı Holding Energy Group, **Mehmet GÖÇMEN**.

“The Paris Agreement is nothing less than a historic milestone”

Güler SABANCI underlined that IICEC would continue to contribute to energy and climate related topics with future research studies, and added, “The global energy system continues to pose very diverse challenges as well as significant opportunities. These challenges and opportunities largely evolve in today’s dynamic world with a variety of global trends such as urbanization, digitalization, connectedness and electrification posing new dimensions as to how the energy sector of today will transform. In this very dynamic energy landscape, last year’s historical agreement in Paris COP21 meeting perhaps is the most critical development in shaping the future of the global energy supply and demand.”

Speaking of the international agreement negotiated in Paris and the direction set for combating climate change within the next decade and beyond, SABANCI said, “Energy was at the center of the discussion. The Paris Agreement is nothing less than a historic milestone for the global energy sector. The whole world is united in its commitment to the global goals embodied in the Paris Agreement as well as to the means by which to achieve them.”

“Transforming the energy sector is essential for addressing the climate challenge”

Underlining that energy production and use account for two-thirds of global greenhouse gas emissions, SABANCI emphasized that energy efficiency regulations currently cover 27% of the world's energy consumption, reminding it was 12% back in 2005, and continued her words, "Recently, we heard a lot of exciting news highlighting the development of energy industry towards a more sustainable future. The Paris Agreement will no doubt speed up the transformation of the energy sector by accelerating investments in cleaner technologies and energy efficiency. Yet, driving even stronger action in all areas to lower emissions will require greater engagement and effort by all stakeholders. We can work together to contribute in efforts to achieve a lower emissions pathway while supporting continued economic growth and expanding modern energy access. I strongly believe that there is much to improve with regard to energy efficiency. Energy efficiency is key as a climate change action, as well as for sustainable development."

SABANCI commented, "Policy-makers also have to address barriers and stimulate energy efficiency investment through supportive energy policy frameworks", and added, "We need to work harder on solutions to improve energy efficiency along the energy supply-demand chain globally."

"Energy efficiency is key as a climate change action as well as for sustainable development."

Explaining that the Paris Agreement is an important development for Turkey as well, SABANCI said, "Turkey declared her aim to contribute to the collective efforts to combat climate change by submitting her Nationally Determined Contribution (NDC) within the context of the Paris Agreement as up to 21% reduction in emissions from the Business-As-Usual level by 2030.

The so-called NDC, includes both qualitative and quantitative targets in energy production and use. Wind and solar power generation capacities are set to increase significantly until 2030. Tapping the full hydroelectric potential and introduction of nuclear energy into the power generation mix are among the NDC targets. NDC encompasses the target of reducing electricity transmission and distribution losses that is critical for an improved energy balance for Turkey. And the last but not the least, enhanced energy efficiency across different sectors such as industry and buildings is an important pillar of the NDC."

"According to IEA, reducing emissions by 40% to limit global temperature increase to less than 2 degrees centigrade would potentially come from energy efficiency"

Commenting on energy technologies and the need for new business models, SABANCI concluded her words:

"Energy landscape is in a rapid change globally. Energy technologies are emerging and being deployed in an impressive fashion. In this very context, I believe that demand management, demand side participation into the energy markets, wider use of distributed generation options, smart grid development and electricity storage solutions will all play an important role in transformation of the Turkish energy sector. Turkey, with its dynamic population, effective energy management and enthusiastic energy actors is well positioned to play a leading role in wider energy transformation. We, as policy makers, regulators, industry, market players and academia, can intensify our cooperation and efforts to bring this vision into a reality."

Emphasizing that the IEA has adopted a new and stronger vision under the leadership of Dr. BİROL, who empowers strategies for an IEA that embraces emerging countries of the world and pursues a global

energy system which is more secure, efficient and sustainable, SABANCI expressed her sincere thanks to the speakers who shared their insights on energy security, economic development, competitiveness, and environmental awareness.

“We are on a transition to a cleaner energy future”

Taking the floor after SABANCI, IEA Executive Director and IICEC Honorary Chairman Dr. Fatih BiROL discussed critical energy transformation in the energy market, especially green energy, explaining, “We are on a transition to a cleaner energy future. Energy and technologies are becoming cost-effective.”

Dr. BiROL emphasized that “in today’s world, no country is an energy island. Developments in the Middle East, USA or Japan have global ramifications”. Therefore, changes in oil prices or in coal prices and the development of new technologies will have an impact on everyone.

Dr. BiROL evaluated the outcomes of Paris COP21 meetings, and remarked, “It was a successful diplomatic answer to a major global challenge. However, we have to track these 180 countries which signed this agreement to see how they are going to do in the real life, and how they are going to reach that very important target for all of us”. Dr. BiROL added, “There are still 1.2 billion people, 20% of the global population, who have no electricity. Therefore, energy is very important and it is the source of economy and of our lives. When we look at the growth, in the future we expect from the so-called rich countries, advanced economies, that their energy demand is slowing down and even declining, and all the growth is coming from emerging countries”.

“Oil prices increased from 30\$ to 52\$ but a much bigger increase seems to be not very likely”

Dr. BiROL pointed out the investment decline in oil markets and said, “We saw the biggest drop last year, in 2015. After this, in 2016, we have seen another decline. In the history of oil, we have never witnessed investments declining two years in a row. Typically, an increase would follow a one-year decline. It may well be the case that we may see still weak investment in 2017”. Explaining the increase in oil prices in the last 6 months, Dr. BiROL said that the lack of investments may complicate the markets in the near future whereas there was no expectations for a further increase in oil prices.

Elaborating his views on international markets, Dr. BiROL said, “Costs of renewable resources are slowly but surely decreasing. For example, wind power can now be generated one-third cheaper, according to our analyses. And today, cost of solar power is now 80 percent reduced. As the equipment costs go lower, renewable energy becomes a substitute for gas, coal and other traditional resources. As the IEA, as we were asked in the Paris meeting, we are following closely what is happening in the markets and what needs to be developed in order to reach that target. To reach that target, we have many options. Energy efficiency and renewable resources are the most critical ones. We may also take advantage of nuclear power as it is carbon-free. Switching from coal to gas and using more efficient coal power plants would come in useful. Unfortunately, we are far from achieving the targets set in Paris, and we have to accelerate our progress towards clean energy technologies”.

Finally, Dr. BiROL announced the new role IEA assumed, and explained the new process called as “the modernization of the IEA”. He further commented that “we all can and need to learn from each other, and the international collaboration on energy has never been so vital.”

“No country can address climate change on its own”

Dr. Matar AL NEYADI, Undersecretary of the UAE Ministry of Energy, has shared UAE's experiences on energy transformation and His country's role in limiting global warming in the scope of Paris COP21. His Excellency stated that: "In the case of the UAE, the nation has taken a leading role in implementing a sustainable energy transformation. Since 2007 the country has made a great progress in diversifying its energy portfolio and increasing energy efficiency. We believe that long-term energy policy-making, the support of the stakeholders of the energy industry from government leadership to energy companies and the engagement of the UAE population is the key to the success of the implementation of the energy sector. We all believe that no country can address climate change on its own. The UAE believe that cooperation with other nations around the world is crucial to meet the energy-related demand of the Conference of the Paris COP21 goal for limiting global warming by 2050 and to deliver this transition to a cleaner future in this new era of collaboration ".