
ENERGY AND CLIMATE MINISTERIAL OF THE AMERICAS

DAY 2 – APRIL 16, 2010

ORGANIZATION OF AMERICAN STATES

WASHINGTON DC, USA

BACKGROUND

The second day of the Energy and Climate Ministerial was hosted at the Organization of American States. The meeting participants were limited to energy ministers from the Western Hemisphere along with their delegations and representatives from key international organizations. The meeting considered results from the panel sessions carried out the day before and further discuss the issues of Energy Poverty, Renewable Energy, Energy Efficiency, Gas and Power Infrastructures, and Clean Fossil Fuels.

OPENING REMARKS

Daniel Poneman, U.S. Deputy Secretary of Energy, **Jose Miguel Insulza**, Secretary General of the Organization of American States, and **Steven Chu**, U.S. Secretary of Energy welcomed the participants and called to extend the progress achieved the previous day and build-on the discussed areas. Moreover, they asked the ministers to find the ways in which ECPA can support countries in achieving a clean and sustainable energy future. Secretary Chu highlighted Full speeches on the opening remarks can be found [here](#).

PLENARY SESSION

DEFINE HOW ECPA CAN CONTRIBUTE TO GOVERNMENTS' EFFORTS ON ENERGY AND CLIMATE CHANGE GOALS

Facilitators summarized the previous day's discussion and Ministers had 30 minutes per topic to respond and comment per topic area. During the discussion many of the countries used the time to

review their current energy situation and efforts, as well to show appreciation to programs and initiatives that have helped countries achieve their energy needs.

Facilitator:

- Renewable Energy: Carlos Florez, Executive Secretary, Latin American Energy Organization (OLADE)

Argentina

Highlighted the need to treat the issue of climate change with more attention on the efforts and challenges ahead. He suggested the use of a wider term than renewable energy, like clean energy to be inclusive of nuclear and other non-renewable clean technologies.

Chile

Their focus has been in non-conventional renewable energy sources, where a new legislation has been recently passed that demands utilities at least 5% of non-conventional renewable energy electricity generation by 2010 and up to 10% by 2024 (with a more aggressive aspiration of achieving 20% by 2020). A renewable energy center in collaboration with NREL has been established, along with the Chilean Agency on Energy Efficiency (under ECPA). Finally, it was mentioned that a key issue for deployment of RE is to account for all costs related to energy including externalities, reach some kind of agreement on GHG accounting (e.g. cap and trade or a carbon tax).

Venezuela

As an oil producing country has the responsibility to guarantee equal access to energy to all countries in the world. The inequalities and injustices in the energy realm were highlighted, with industrialized countries consuming a larger fraction of fossil fuels. For this reason it is crucial to not only tackle the cleaner energy aspect, but look at the root of the problem i.e., consumption patterns. The success of PetroCaribe and efforts through UNASUR has helped a lot of countries with having access to oil products. Acknowledged that being an oil producer had shifted the attention away from renewable energy, but have now started the so-called Energetic Revolution with Cuba. Criticized the capitalist system as a depredating system of the environment, saying that consumption patterns of industrialized countries cannot be sustained, whereby consumption of fossil fuels needs to be revised since they are depleting.

Jamaica

Introduced the situation of high energy prices in the Caribbean and reasons for it like small power systems and de-linked. Saw that the presentation of the interconnection project presented on April 14th suggested power to be provided to the Caribbean from mainland U.S. seems a very attractive opportunity. Nonetheless, questioned the approach since it has certain challenges in accepting this arrangement and concerned it does not affect their immediate future. Surprised that the interconnection initiative was a focus of the conference, hence the World Bank report should have been distributed well in advance so countries would have come with better guidance from their government. Jamaica would require further consultation, discussion and work around this topic for any kind of endorsement to be achieved. Ended by mentioning Jamaica's efforts on RE, like creating a center for excellence (supported by the WB, IDB, USAID and PetroCaribe fund).

Chair's comment

It was never the intention of the meetings to focus on interconnection (organically happened that way) and aware that this plans need to be widely discussed

Uruguay

Emphasized the need to collaborate and the importance to work on the defined pillars under ECPA to achieve clean development, social inclusion and environmental protection, and agreed with the two new pillars added (deforestation and land use change). Mentioned Uruguay's efforts on RE and EE, developed an energy policy, creating incentives and regulations to support new developments and set a strategic plan and goals for the upcoming years. Invited countries to learn from biofuel experiences in Uruguay, which have been successful, and advancement and lessons learnt could be very useful for other countries in the region.

- Energy Efficiency: David Sandalow, Assistant Secretary for Policy and International Affairs, U.S. Department of Energy

Panama

Efforts of Panama on RE were mentioned, seeking to lower dependency on fossil fuels by less than 30% by 2014. Countries have the right to develop their own natural resources, and get rid of paradigms that go against development. International organizations must set social and environmental guidelines and make sure they are met. The Minister also mentioned that in Panama many indigenous groups reside in areas with abundant natural resources, but have the highest indexes of poverty, hence need to be inclusive of them in the agenda and stop being reactive groups.

Grenada

The representative from Grenada appraised PetroCaribe as well which avoided Grenada's economy from collapsing. The country has advance with a National Energy Policy and has a wind and a geothermal project in the pipeline. Nonetheless, has a financing constraint for work like hole-drilling to find the geothermal source, which is a risk and cost may not be recoverable. Therefore, in the need of funds, grants concessionary loans that will aid them in this risky endeavor. Finalized, by saying that small island nations can be showcases and models of transitioning away from fossil fuels to sustainable energy.

Colombia

Most of the future demand growth project to 2030 will be met with fossil fuels, for this reason efforts on RE will be on maintaining their status quo and much to be done in EE. Colombia has made some efforts in solar and wind, but mainly in sugarcane ethanol and offered Caribbean countries a sharing of experiences and know-how.

Dominica

The minister of Dominica mentioned that came with high expectations to the meeting, but thus far had not seen a mechanism to address the needs of the Caribbean, and the event seemed a public relations event. The geothermal resource is trying to be developed with the support from WB, OAS, EU, and French Government but they are having financial constraints and not sure how they will benefit at the end. He highlighted that PetroCaribe agreement (mostly the component on RE) must be taken into account, since it avoided Caribbean economies from crumbling. More practical help is required and short-term issues addressed. He stated that mending (not bending) of the PetroCaribe agreement, and future energy projects to also include a social responsibility component that provides assistance in healthcare, education, infrastructure and housing. Finally, suggested the inclusion of Cuba as part of the process and to move forward the construction of solutions.

Dominican Republic

The DR's Minister gave a quick overview of the country (15% hydro in electricity and highly dependant on HFO and coal), which has been sustained only thanks to PetroCaribe agreement, and aid from the World Bank and the IDB. Moreover, he mentioned that proper legislation for RE is in

place which is transparent and clear, nonetheless no RE projects have been triggered. He mentioned that ECPA can help Caribbean nations by reflecting on the financing subject for countries and how can private investments be made. Disagreed from Dominica's remark of this being a PR event, and saw it more as an opportunity to look at things in detail. He then suggested a next meeting that focuses specifically on financing for the Caribbean, which seems the only obstacle.

- Energy Poverty: Mark Lambrides, Chief, Division of Energy and Climate Change Mitigation, Department of Sustainable Development, Organization of American States (OAS)

Paraguay

The Minister also portrayed Paraguay's energy situation (produces 100% of its electricity from hydro and largest electricity exporter in South America and mixing 4% of ethanol in gasoline). Need to improve use of RE and EE through integration of systems regionally and create win-win situations, were a lot of work is required in the political realm.

Trinidad and Tobago

The high dependency on fossil fuels for the economy was dealt with. Some efforts have initialized in T&T like using natural gas combined-cycle technology for electricity generation, some solar water heating pilots and together with U.S. DOE will establish a renewable energy center. Also mentioned the impediments because of lack of financing, and was glad to hear Secretary Clinton saying that multi-lateral funding will be made available for RE projects. Finally, he hopes that access to funding becomes easier, since it is usually costly and cumbersome.

Antigua and Barbuda

The country is exploring wind and solar potential with the help of CCS and developing national energy policy supported by the OAS. In 2005 A&B joined PetroCaribe agreement which has been a positive experience for the country as described by the IMF and willing to share their experience. Also, that support was not only through concessional financing, but also development of many social programs (water project, airport refurbishment, solar drying equipment, hurricane relief support, etc).

The Bahamas

Mentioned that the interconnection initiative was quite interesting, but would not benefit some countries. Highlighted the need for more Research and Development (R&D) to take place on the use of indigenous renewable resources and have a long-term vision. Hence, the Bahamas is expecting assistance from OAS, IDB, DOE, and State on addressing R&D.

Argentina

The minister agreed that consumption patterns need to be part of the discussions apart from efficiency. Also, the need to address access to energy. Finalized again by highlighting their interest in nuclear power.

Suriname

The minister depicted Suriname's energy picture (dependant on hydro and HFO, working on sugarcane ethanol, and producing 15000 bbl/day). Only country that did not effectively implement PetroCaribe Agreement, but in full support to build-on activities and current initiatives.

Venezuela

The minister stressed on the issue of energy poverty and the need for concrete actions to take place. Listed several actions Venezuela has been supporting (e.g. supplied 123 million barrels of oil from 2005-2009 through PC as concessionary fund, created a non-refundable fund, and many other social projects for reconstruction, education, healthcare, and food. He mentioned that there is a need for political will were countries that have resources need to step ahead and support other nations in need making sure that financing mechanisms are not burdening. For instance PC allows for payment to be done with goods (receiving livestock from Nicaragua and tractors from Argentina in exchange for oil).

- Infrastructure: Jeff Davidow, President, Institute of the Americas

United States

The representative from the U.S. expressed the concern of high dependency on fossil fuels and the high costs it implies in the Caribbean region. Moreover, the need to address energy poverty and security concerns, were the sub region wants to be able to supply its own energy free of dependence on external support and in a way that is affordable. Mentioned three key areas for a solution: i) policy framework and institutions to support it, ii) appropriate project, and iii) financing. Financing is difficult due to small markets and uneven distribution of resources. ECPA is a partnership to bring countries together and for instance already on April 14th discussion evolved around on different solutions for the Caribbean like interconnections, geothermal potential, and energy efficiency. He mentioned that RE and EE projects are not charitable ones, they have an economic rationale were balance of payments can be lowered if imported diesel and HFO is replaced by wind, solar or biofuels. Need to by-pass large investment, which will deliver at the end access to more affordable and sustainable sources of energy. The U.S. will commit resources to this initiative and is inviting countries to participate and take part if desired, it is not completion but a cooperation.

Brazil

The minister provided a summary of Brazil's current situation and progress made in the energy arena. Have focused on developing a strategy with a medium- and long-term vision to maintain energy security and universalize access to energy. On EE have the goal to reduce consumption by 10% by 2010 and used experiences and know-how from other countries in the strategic planning. There are great challenges ahead, were a mixed energy matrix is required. Finally, he offered Brazil's experience and know-how to collaborate and integrate efforts.

Nicaragua

The minister mentioned that countries have been taken efforts alone to diversify their energy matrix, along with some bi-lateral and multi-lateral initiatives. Central America achieved integration through SIEPAC which will allow for larger energy investments. Nicaragua has been working on providing more access to their population and working with IDB, WB, JICA, NFC, EU and others to elaborate an electrification plan for the next 3-4 years. Finalized by asking industrialized countries responsible of most of emissions that have triggered climate change to help with physical cooperation and financial aid to countries most vulnerable.

Canada

Canada's situation was summarized, having a very diverse energy portfolio, producer of natural gas, uranium and oil. The minister mentioned the efforts to reduce emissions by 17% by 2020 (2005 reference) and large investments being made on cleaner technologies. He also talked about the work on EE standards, building codes, and others together with Mexico and U.S. and provided assistance to Haiti's electric utility. The current dependency on fossil fuels will continue for which it

is important to develop cleaner technologies and be more efficient. They proposed an oil working group and invited oil producing countries and environmental groups to form part. He finalized by offering support with their experiences and results and seeing a great opportunity in ECPA to strengthen energy relationships and advancing clean energy and combating climate change.

Uruguay

Made his second intervention to highlight Uruguay's efforts on EE were a regulatory framework has been established and legislation, being the government a reference for good practices. They have also focused on communication and information dissemination for the general public. Launched the proposal to create and Energy Efficiency Center for the Americas in Uruguay to develop know-how and capacity building, plus cooperation in other areas like integration (Uruguay-Brazil) and agricultural methods to grow energy and food crops together.

- Fossil Fuels: David Goldwyn, Coordinator for International Energy Affairs, U.S. Department of State

El Salvador

The minister brought up its country's particular situation of having 25% of geothermal, but still 50% dependant on fossil fuels for electricity generation. Appreciated the support given by the US-Brazil biofuels agreement on producing sugarcane ethanol. He mentioned the plan to create a geothermal center for the region. He stressed that interconnection may not be feasible in the Caribbean and the need for diverse solutions for this sub-region. He finally questioned the U.S.'s mentioning of institutionalization and financing, wondering what type of institutionalization is required and if this would put countries in trouble to access financing.

Jamaica

Underlined that the PetroCaribe agreement is a model that merits analysis by listening to beneficiaries and that will be disappointed if any other competing model is put forward that can create difficulties to himself. Hopes that the PC agreement can be treated as a starting point bearing in mind it has worked well, but like any model it can be improved.

Antigua and Barbuda

Open to receive TA in diversifying the energy matrix and make a transition from an exclusive reliance on fossil fuels. Having particular difficulties in the transport sector, where a transition will pave the way for more jobs and combating climate change, but a transformation in infrastructure will not take place in the absence of capital. Acknowledged Venezuela's help in negotiating the buy-out of shareholders of West Indies Oil Company. Investments are required that do not results in higher electricity prices. Mentioned that further research is required to determine the feasibility of interconnections, not looking at techno-economic aspects only, but also at the political reality. Finally, said that they welcome initiatives like PC or similar that include social programs.

Saint Vincent and the Grenadines

Minister Thompson applauded PetroCaribe agreement which served SVG critical stabilization during the financial crisis. He mentioned the efforts in SVG on deploying a wind farm and negotiating a geothermal project, and trying to foster an investment climate with the assistance of the OAS. He is afraid that some of the high capital costs required for initial investments and needed return on investment will leave electricity prices high for a while, hence hoping for low cost financing to be available to address this issue.

Saint Kitts and Nevis

Minister Greene commended PetroCaribe for assistance with oil and social programs. Also, commended the assistance from OAS in supporting the development of the wind and geothermal projects, and interconnection between islands. Three areas of assistance mentioned by US, were the critical one is financing. Countries are setting the policy framework, and now is turn for projects to materialize.

CLOSING REMARKS

Secretary Kessel

EE is one of the areas that allows for faster and greater reductions of GHG emissions, solve energy poverty, but also to ensure that the energy we already have is used in a rationale way. Mexico has an EE program that covers 3 areas: a) normalization program for appliances; b) information to the public; and c) special programs (e.g. support to low-income households to make changes of appliances and light bulbs; and giving finance to SMEs and energy intensive sectors like hotels). She welcomed further collaboration in EE

Secretary Chu

He finalized by stating the need to help each other and many important points made today that need to be considered. He highlighted that indeed low cost financing need to take place for financing EE, for reforestation, more grids, power, et al.

Todd Stern's and Minister Jacques Gabriel presentations made during lunch time can be found in www.ecpamericas.org.