

Annex N: The International Energy Agency

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1. Overview of IEA and Danish support

The International Energy Agency (IEA) was established under the auspices of the OECD in 1974, during the 1973-1974 oil price crisis. Since its original mission was to help prevent large-scale disruptions in the international supply of oil, its establishment can be seen as a reaction to the excessive power of OPEC to exploit western oil dependency for political and other purposes. Denmark was among its founding members¹, and other OECD members joined later².

Although full membership is exclusive to OECD members, the IEA has deepened its collaboration with eight new countries (Brazil, China, India, Indonesia, Morocco, Thailand, Singapore, and South Africa) through an Association programme. As it has grown and reflecting more diverse interests of its members and changing international priorities, the IEA has become an international forum for energy co-operation on issues such as security of supply, long-term policy, information transparency, energy efficiency, sustainability, research and development, technology collaboration, and international energy relations.

The IEA intervened to try to stabilise international oil prices following the First Gulf War in 1991, hurricane damage to oil infrastructure in the Gulf of Mexico in 2005, and the Libyan crisis (combined with the after-effects of the global financial collapse) in 2011. In each case, IEA member countries released oil from their national reserves in order to ease prices and supplies. These arrangements reflect the success of one of IEA's flagship activities, the International Energy Program, under which IEA members are required to store the equivalent of at least 90 days' worth of oil consumption (based on

¹ The others being Austria, Belgium, Canada, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, Norway (under a special agreement), Spain, Sweden, Switzerland, Turkey, the UK, and the USA.

² Greece (1976), New Zealand (1977), Australia (1979), Portugal (1981), Finland (1992), France (1992), Hungary (1997), Czech Republic (2001), South Korea (2002), Slovak Republic (2007), Poland (2008), Estonia (2014), and México (2018).

their previous year's net oil imports), in order to provide a buffer against unforeseen disruptions in oil supply. This practice has since been adopted by non-member countries, being promoted for example by the African Union which has resulted in most African countries also working towards keeping three months' supply in stock ([www. au.int/en/ie/pida](http://www.au.int/en/ie/pida)).

Danish support to the IEA comes from the Climate Envelope and is coordinated by MCEU. Along with all other IEA members, Denmark sits in the Governing Board, which is the main decision-making body of the IEA. This meets four times a year to provide strategic and political guidance to the IEA, in order to deliver on the mandates given by the IEA Ministerial meeting that takes place every two years and in which the Minister of MCEU participates. Only MCEU participates in the Governing Board, but DEA represents Denmark in some of the various IEA Committees and Working Parties.

Denmark provided a DKK 7 million grant for 2016-2019 to each of the IEA-China Energy Cooperation Centre and the Clean Energy Ministerial Secretariat. A Danish grant of DKK 25 million was also made for 2014-2017 to the IEA's Energy Efficiency in Emerging Economies Programme (E4P; Danida 2017). After the first phase of E4P, Denmark and IEA agreed to develop a broader contextual programme for E4P, to be known as the Clean Energy Transition Programme (CETP). Denmark made a further grant of DKK 25 million to E4P in the CETP context for 2018-2021. A summary of CETP progress is given in Box 1, and some key policy impacts of E4P in the CETP context is given in Box 2. The latter is taken from the account used by Danida (2020) to justify a further grant of DKK 50 million for 2021-2025.

Box 1: Summary of CETP progress in 2018-2019.

"The CETP seeks to support countries' pathways to a clean energy transition by encouraging reductions in GHG emissions in line with the Paris Agreement and their own targets, enhancing energy access, reducing air pollution and accelerating clean energy innovation. Our priority countries include Brazil, China, India, Indonesia, Mexico and South Africa, other IEA association countries, and regions more widely – such as Africa, Latin America and Southeast Asia – where the programme can have high impact and use local partners' capabilities for wider benefit." (page 21).

"Here are just a few of the CETP's 2019 successes. We supported cutting-edge analysis to integrate higher shares of renewables in the People's Republic of China – a power system currently accounting for one-fifth of all global carbon emissions. We outlined a series of policy interventions that can reduce regional energy use for cooling by half in Southeast Asia. We are helping the Brazilian government to better track and promote clean energy innovations. We trained key government officials from around the world – including in Africa – to better leverage efficiency opportunities. And we supported the Indian government in developing an integrated approach to climate change, energy access and air pollution. These concrete results – and many more – are detailed in full in this report." (page 3).

Source: IEA (2019).

Box 2: Key policy impacts of E4P in the context of CETP, 2018-2021.

"Indonesia adopted several IEA recommendations into the revisions of their energy efficiency conservation regulations.

"Indonesia is launching a revised reporting system and website for energy-intensive industry, adopting the recommendations that the IEA developed in 2019. Following acceptance of the recommendations, the E4 Programme has gone on to support the building of the new system.

"Brazil drafted rules for a pilot energy efficiency auction scheme in Roraima. The IEA has been advising Brazil on an auction since 2017, informing the decision to launch an auction scheme and helping to shape its structure.

"The Energy Efficiency in Emerging Economies Policy Training Week has become an E4 flagship event. Twelve training weeks have been held since 2015 bringing the total number of people trained using a common set of energy efficiency policy tools to 1500. The IEA held its first ever training week on energy efficiency policy in sub-Saharan Africa in October 2019 in Pretoria, South Africa, bringing together about 150 policy makers from 33 countries in sub-Saharan Africa, to equip them with the knowledge and skills necessary to deliver effective EE initiatives in their respective countries." (page 6).

Source: Danida (2020).

2. Capacities and priorities of IEA

By 2020, the IEA represented countries responsible for about 75% of global energy use (i.e. approximately three-quarters of the global economy and two-thirds of total GHG emissions), up from 40% in 2015. A staff of about 460 in 2021³ (up from 230 reported by MFA, 2013) is complemented by some 40 Technology Collaboration Programmes that provide networked access to large numbers of technical experts (e.g. 6,000 in the case of the IEA's platform for cooperation on energy technology research and development⁴). It has adapted to the transformation of the global energy system away from near-total dependency on oil since 1974, and it now provides statistics, analysis and advice on the full spectrum of energy issues including renewable energy and energy efficiency (RE/EE), electrification for all (in line with SDG 7), and the development of policies to enhance the reliability, affordability and sustainability of energy in its now 30 member countries.

Efforts since about 2013 by some of its members, especially Denmark, the UK and the Netherlands, resulted in IEA shifting its focus from oil, and in 2015 (under a new Executive Director) it accepted new priorities oriented towards a broader view on energy supply, demand and technologies, a broader global engagement, and a clearer focus on clean energy. Since then, IEA has increasingly engaged with developing and emerging-market countries by providing technical support and training through programmes on energy planning and storage, integration of RE, and EE policy development. It still has a major role in energy security, including through stock-piling, but now also through improvements to trade, efficiency, transparency, and diversification of inputs from RE.

3. Effectiveness of IEA mitigation efforts

No detailed external evaluation of the performance of the IEA is available, although the IEA Secretariat undertakes evaluations of the organisation's activities at the occasional request of the IEA Ministerial Meeting (e.g. Saussay *et al.*, 2011). The Paris Agreement coincided with the major reorganisation and refocusing of IEA in 2015-2016, and interviewees in 2021 acknowledge that IEA was criticised by environmental groups in 2016⁵ for being slow to respond to the Paris Agreement. A

³ <https://craft.co/the-international-energy-agency-ica>

⁴ <https://www.energy.gov/ia/initiatives/international-energy-agency-ica>

⁵ The 24 environmental groups concerned include CARE International, Climate Action NOW!, Greenpeace, the World Future Forum and WWF (<http://priceofoil.org/content/uploads/2016/11/IEA-open-letter-modelling-for-climate-success-August-12-2016.pdf>).

further open letter, also calling for greater responsiveness to the Paris Agreement was sent to IEA in 2019⁶.

That IEA is perceived by some as an historical enabler of western oil dependency has made it a target for such criticism, and rapid change in an intergovernmental organisation is neither easily accomplished nor transparently disclosed to head off this criticism. On this subject, interviewees noted that IEA only does the analyses that its members ask it to do, and that its skills are analytical and action-oriented, whereas the NDCs are more often statements of ambition than of actionable intentions. These factors conspire to conceal rapid progress.

Most IEA member states now aspire to achieving net-zero emissions by 2050, but IEA interviewees observed that it is relatively easy for a government to state this ambition but is much more demanding for it to agree to be held accountable for meeting it. If countries were to seek assurance that their policies will deliver net zero, then IEA could provide that assurance - for example by testing sector by sector against objective standards and conditionally certifying the result. This assurance/certification role could be extremely useful to the clean energy transition, but interviewees stressed that IEA can only respond to requests from its members.

4. Conclusion on effectiveness of Danish support

The IEA's work, especially its CETP, is in line with Denmark's strategic priorities and with the aims of SDG 7 and SDG 13. Moreover, E4P in particular focuses on Danish competencies in the energy sector, for example by providing data for energy system modelling and setting standards and targets for EE in the building sector in emerging economies. This has built a strong relationship between Denmark and IEA.

The IEA seems to have used its convening power effectively during the CoViD pandemic and has increased its visibility and outreach through virtual meetings and by presenting analyses on sustainable economic and energy sector recovery. Denmark chaired the first IEA ministerial meeting on green recovery and is now leading IEA's new Global Commission on a Just Energy Transition, thus continuing to support the IEA as it moves in a greener direction.

Going forward, IEA interviewees stressed that in late 2020 and early 2021, Japan, China, South Korea and the US have all joined the EU, UK, Denmark and the Netherlands in making net-zero commitments. Thus, a critical mass of policy support for all measures through which to reach this goal is now in place, including the clean energy transition. IEA is responding to this, for example through their close partnership with the UK as president of the UNFCCC CoP 26 in Glasgow. There is a need for greater engagement by all members, however, and untapped potential for IEA to coordinate among the countries and internationally. IEA will soon publish its first *Net Zero by 2050* analysis to spell out how challenging the pathway is, and how much work is needed very quickly.

On the role of Denmark, interviewees were clear that Denmark has consistently over-performed in its relationship with IEA, and that it has shown leadership, for example in closing down North Sea oil.

⁶ Signed by groups that included Allianz, the Zurich Insurance Group, PensionDanmark, IKEA, Unilever, Nordea Life & Pension, Ørsted, as well as by Christiana Figueres (former UN climate chief) and Michelle Bachelet (UN High Commissioner for Human Rights) and a number of climate scientists (<https://news.trust.org/item/20191118073049-nsxvm/>).

They observed that Danish influence and leadership continue to be needed by IEA and its members in the quest for further rapid change.

Annex a: Information sources for the review

This review is based on: (a) interview on 5 Oct 20 with **Jeppe Mathias Helsted** (Special Adviser) and **Anne Marx Lorenzen** (Adviser) at the Centre for Global Climate Action of MCEU; (b) interview on 15 Feb 2021 with **Brian Motherway** (Head of Energy Efficiency) and **Katherine Dixon** (Chief Counsellor for Transitions & Partnerships) at the International Energy Agency in Paris; and (c) review of materials from www.iea.org and other documents listed in the bibliography.

Abbreviations and acronyms (IEA)

CETP	Clean Energy Transition Programme
DEPP	Danish Energy Partnership Programme
DEA	Danish Energy Agency
DKK	Danish Krone (plural Kroner)
E4P	Energy Efficiency in Emerging Economies Programme
IEA	International Energy Agency
MCEU	Ministry of Climate, Energy and Utilities (or Supply) (<i>Klima-, Energi og Forsyningsministeriet</i>) of Denmark (formerly <i>Klima-, Energi og Bygningsministeriet</i>)
MFA	Ministry of Foreign Affairs of Denmark
OPEC	Organization of the Petroleum Exporting Countries
SDG	Sustainable Development Goal

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