10th Annual Climate Week NYC Opening Day

Closed-door Roundtable Summary | October 2018

Climate action by states, cities and businesses in the coming decade

Immediately prior to the 2018 Climate Week NYC Opening Ceremony on Monday September 24, 2018, The Climate Group hosted a closed-door roundtable discussion at Covington & Burling LLP with nearly two-dozen business, government and thought leaders from a range of sectors including energy, transportation, real estate, consumer goods, and finance.

The roundtable was moderated by Joan MacNaughton CB, Chair of The Climate Group, and met under the Chatham House rule to discuss the questions:

With all that has changed (and continues to change), what should climate action by states, cities and businesses look like in the coming decade as compared to the past?

What lessons can be learned from the past ten years? Where are you currently succeeding and where will you need the most support in driving ambitious climate action in line with science?

A decade of "incredible progress" on clean energy

The past ten years have seen momentous changes in the global effort to fight climate change.

The Paris Agreement established a global mechanism for addressing the challenge, but national governments have yet to adopt the collective ambition required to achieve the Agreement's goal of limiting global average temperature rise to well below 2°C (3.6° F).

At the same time, states, cities, and businesses have achieved a great deal, from technological and business model breakthroughs, to successful local policies. The cost of clean technologies has fallen drastically, allowing them to be cost-competitive with traditional alternatives in many places. This is likely to accelerate in the coming decade. For example, Bloomberg New Energy Finance expects the cost of solar and wind to fall an additional 70% and 60% respectively by 2050 (NEO 2018), with EVs becoming cost-competitive on an unsubsidized basis before 2030 (EVO 2017).

States and cities must continue to innovate

- Participants said they were "struck by how much is moving" despite the lack of effort by national governments such as in the U.S. and some other countries. While federal inaction has left many with a "jaundiced view," the action on display by states, cities, and businesses at the Global Climate Action Summit in San Francisco and Climate Week NYC provides "an entirely different outlook."

- Many pointed to the progress being made on clean energy technologies, as something that is "led by the private sector but began with steps by the government to create the right environment for action."

- It is vital that state and city governments continue to **innovate** on policy - moving away from traditional mechanisms like grants, and towards more cost-effective ways to enable action by the private sector. One example is to focus on "soft" (i.e. non-technology related) costs for clean energy projects, such as facilitating necessary regulatory approvals, addressing financial inefficiencies in the power sector and harmonizing policies across jurisdictions.

- Other suggested focus areas for public policy in the future included: 1) the substitution of high-carbon fuels and materials in the industrial sector, 2) increased R&D for new technologies, and 3) carbon removal (including from the air).

Leading businesses have opportunities to collaborate

- Several participants noted that while many businesses are already leading the way towards reduced emissions, there is an opportunity for much greater **collaboration** on: 1) innovation and new business models, 2) joint action, and 3) policy advocacy.

- One large company shared how by changing their power procurement cycles from short to long term contracts, they were able to provide tremendous value for their smaller renewable power partners (i.e. better financing options, etc.), without additional cost to themselves, an example of "*how you buy* being more important than *what you buy*."

- Such innovations might require change at the corporate level – cultural or structural.

- A good example of joint action was the RE100 group, which now includes over 150 companies committed to procuring 100% renewable power, creating a combined demand for over 180 TWh of renewable electricity. Smaller companies in particular might benefit from coming together to negotiate PPA's.

- Further work on extending leadership from global corporates to their supply chains could yield significant benefits, including greater geographical diversity of effort.

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- Regarding policy advocacy, participants agreed that there remain extensive opportunities for businesses and governments to work together - with business executives educating policymakers on what is needed to support continued business leadership, as opposed to government relations departments "coming in with a handful of individual asks."

- The impact and power of increased transparency was raised several times as a key driver, such as the Task Force on Climate-related Financial Disclosure, which was one of many drivers for a more climate-aware approach by investment houses. The disruptive power of data via the Internet of Things (IoT) and block chain was noted – innovation would be inevitable.

The next climate leaders: individuals?

- Most participants agreed that the next phase of climate action must "unlock the **power of individuals**," making it possible for them to make changes in their everyday decisions. Consumer brands present noted that "it can be hard for consumers to figure out how they can help". A few participants, however, thought that consumers prefer action to reduce the carbon impacts of products to be "invisible."

- One potential solution discussed was better information. For example, governments could create a framework of mandatory disclosures on things like the carbon footprint of goods or energy use in buildings, which would allow for "informed decisions in the home." This could be a potential game-changer as greater information will allow capital to flow. "The individual is also an investor."

- If individuals become better equipped to make sustainable choices, their actions and opinions could create a "virtuous cycle," driving the next wave of action from businesses and governments. Business could play a key role in influencing consumers.

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