
Deep Dive Workshop

Industrial Decarbonisation: Innovation in Financing & Market-building



Opening Remarks and Workshop Overview

Deep Dive Workshop: Industrial Decarbonisation: Innovation in Financing and Market-building

Dr. Peter Warren, Head of Innovation, International Climate Finance

Department for Business, Energy & Industrial Strategy (BEIS)

UK Government

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Department for
Business, Energy
& Industrial Strategy

Global Context: Industry

- Industry accounts for **one-quarter of CO₂ emissions** from energy and industrial processes and **40% of global energy demand** (IEA, 2019).
- Direct **emissions from industry could be 28% lower in 2050** if industrial decarbonisation is facilitated in developing countries (Vivid Economics, 2020).
- Production in heavy industries is expected to be **fast-growing in developing countries** (OECD, 2018), particularly in Asia-Pacific.

Deep Dive Workshop

- Decarbonising industry increasingly important for meeting **net zero transitions**.
- Limited attention at previous ACEFs – **represents increasing share of emissions in Asia-Pacific** (~4 MtCO₂ in 2018 and accounted for 43% of global energy demand in 2017).
- ACEF theme: accelerating low carbon transition in Asia-Pacific.
- Workshop focus: **innovative financial products and market-building approaches** to address key challenges to industrial decarbonisation.


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Green premium and low access to finance key barriers to innovation and deployment

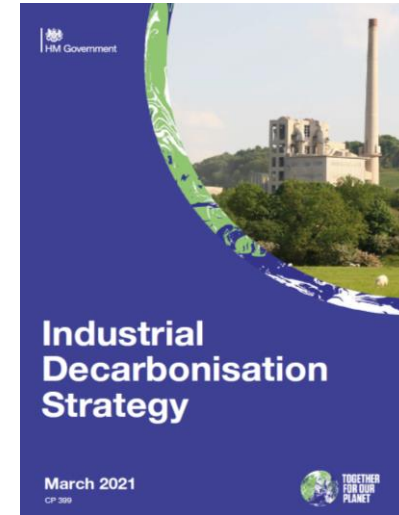
- Innovative financing mechanisms include **loan guarantees, credit enhancements and green bonds** (Deloitte, 2017).
- Market creation include public sector regulations on **green procurement, Contracts for Difference and early buyers clubs** (OECD, 2020).
- UK and India co-leading the **Clean Energy Ministerial Industrial Deep Decarbonisation Initiative** (announced at CEM-12):
 - ❖ *Designed to stimulate global demand for low carbon industrial materials*
 - ❖ *Will inform COP26 presidency*



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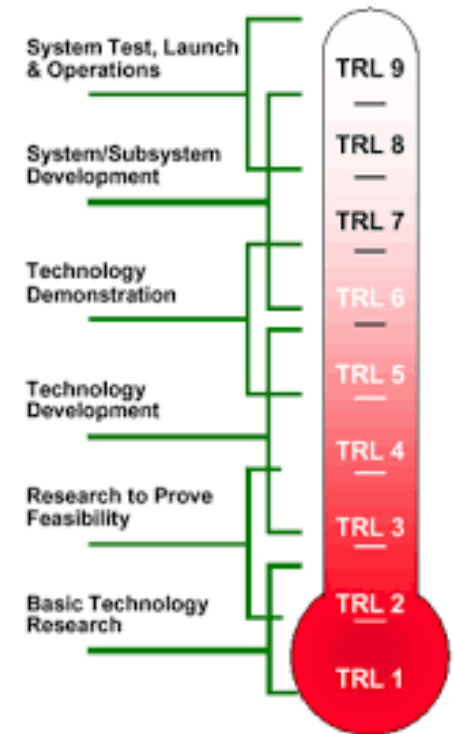
UK Domestic and International Ambitions on Industrial Decarbonisation

- **78% emissions cut by 2035** in 6th carbon budget and **net zero by 2050** (both legislated).
- UK holds the **G7 presidency and will host COP26**.
- **Industrial Decarbonisation Strategy** (March 2021):
 - ❖ How UK industry can decarbonise in-line with net zero whilst remaining competitive.
 - ❖ Long-term certainty for industry and will create and support 80,000 UK jobs over the next 30 years whilst cutting emissions by two-thirds in just 15 years.
- **Hydrogen Strategy** due to be published in July 2021.
- **CCUS:**
 - ❖ Establish CCUS in 2 industrial sites by mid-2020s and further 2 by 2030. Supported by £1bn CCS Infrastructure Fund.



Importance of innovation and RD&D

- Innovative financing and market creation can support RD&D by **generating early demand, building capability and bringing costs down** (IEA, 2020).
- Announced at MI-6 that **UK exceeded its target for doubling spend on energy innovation** by 2021.
- Includes a **£50m Clean Energy Innovation Facility to support developing countries** to accelerate the commercialisation of innovative clean technologies.
 - ❖ **£15m for industrial decarbonisation innovation** (delivered through the World Bank).
 - ❖ Active projects in **Bangladesh, China, India, Vietnam**.



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Workshop Agenda

- **14:10-14:20 Scene-setting:** Ms. Araceli Fernandez-Pales, Head of Innovation and Technology Unit, International Energy Agency

- **14:20-14:50 Panel discussion & Q&A: Innovative financing products**
Chair: Mr. Ivan Jaques, Senior Energy Specialist, ESMAP, World Bank
Panel:
 - ❖ Mr. Mahendra Singhi, CEO and Managing Director, Dalmia Cement
 - ❖ Ms. Rebecca Mikula-Wright, Executive Director, Asia Investment Group on Climate Change

- **14:50-15:20 Panel discussion & Q&A: Innovation in market-building**
Chair: Ms. Petra Schwager, Chief, Energy Technologies & Industrial Applications, UNIDO
Panel:
 - ❖ Mr. Aditad Vasinonta, Deputy Director General, Department of Primary Industries and Mines, Government of Thailand
 - ❖ Ms. Alicia Eastman, Co-Founder and Managing Director of InterContinental Energy
 - ❖ Mr. Qinxian Jin, Beijing Tsinghua Industrial Research and Development Institute

- **15:20-15:30 Poll results and workshop summary:** Dr. Peter Warren, UK Government

Workshop Summary

➤ Please complete the participant feedback forms

➤ Results of the poll

Which two stakeholder groups do you believe to have the most role to play in developing innovative financing products and markets for decarbonising heavy industry in Asia-Pacific?

- Private businesses (e.g. developers, innovators)
- Private financial institutions (e.g. banks, institutional investors)
- State-owned enterprises
- National governments
- Academic and research institutions
- International organisations (e.g. UN agencies, international NGOs)
- Multilateral Development Banks

➤ Summary of key points

