



Green Grids Investment Dialogue

Investors, legislators, regulators

BloombergNEF estimates that \$21.4 trillion needs to be invested in electricity grids by 2050 to support a net-zero trajectory for the world. At least as much will be needed to build the large-scale solar and wind installations that, combined with small-scale solar, can power those grids with renewable energy. To ensure reliable supply, continental-scale grids need to connect everyone to the most energy-rich locations, such as sunny deserts and windy seas, and to different time zones.

Most of the investment will have to come from the private sector. But private investors will only deliver low-cost capital to build green grids if governments create a secure legislative and regulatory framework for investment. To ensure a safe future for humanity, this must be done without delay in all parts of the world. The recent increase in interest rates for green investments in developing countries only makes this work more urgent.

If so, private and public investors need to be in constant dialogue with lawmakers and regulators about what steps are needed to attract green grids investment on a massive scale. The Climate Parliament is convening this dialogue.

FIRST STEPS. The Climate Parliament conceived and developed the Green Grids Initiative, and presented the idea to the Prime Minister of India and other leaders. The Initiative was taken up by the COP26 Presidency, and the One Sun Declaration (originally drafted by the Climate Parliament) was launched at the Glasgow climate summit by the Prime Ministers of India, Samoa and the United Kingdom, and Ministers from Australia, France, Nigeria and the United States. With research support from the Climate Compatible Growth consortium of universities, work is advancing on specific long-distance transmission routes. A high-level Climate Parliament CEO and Investor Council held its first meeting at our Luxor Forum, co-sponsored with UNIDO, in November 2022. In February 2023, in South Africa, we convened African MPs and energy regulators to advance solar minigrids and clean cooking.

NEXT STEPS. Looking ahead to COP28 in Dubai in December 2023:

1. **Investors' statement.** In consultation with a wide range of public and private investors, we will develop a statement addressed to legislators and regulators (see draft on next page) setting out the conditions required to unleash massive investment in green infrastructure.
2. **Dubai presentation.** Immediately before COP28 the investors' statement will be presented to legislators, regulators and the media. At a meeting of the Climate Parliament CEO and Investor Council, investors and developers will explore opportunities for ad hoc consortia on particular "clean energy superhighways", including connections between the Gulf, Asia, Africa and Europe.
3. **National dialogues.** Working closely with the Green Climate Fund, the Climate Parliament and UNIDO will convene national dialogues between investors, developers, legislators and regulators to strengthen the framework for investment in green energy infrastructure.

For more information, contact info@climateparl.net

Clean Energy. Delivered.

Illustrative draft for consultation

As private and public investors concerned about the dangers of climate change, we confirm that we are ready to invest in renewable energy installations large and small, in modern grids from the community level to the continental scale. Green grids must deliver enough clean energy not only to meet existing electricity demand, but to power electrified transport and to produce enough green hydrogen for industry and for sustainable aviation and shipping fuels.

To unleash investment to build this green infrastructure at the necessary speed and scale, lawmakers and regulators must put in place, in all parts of the world, a framework to ensure a reasonable return on investment. Key elements of such a framework, already used successfully in some countries, include:

Renewable energy development zones. Map solar, wind and other renewable resources to establish renewable energy development zones in the best areas for large-scale generation of cheap electricity.

Transmission. Draw on successful payment models to attract both public and private investment into building clean energy corridors connecting the development zones to major demand centres within the country, and to neighbouring nations, thus providing affordable clean energy to all.

Tariffs. Create a transparent system, using auctions wherever possible, to agree a minimum price for the energy generated so as to ensure a fair return on investment.

Risk reduction. Public funds should be used to provide full or partial guarantees covering risks such as non-payment by utilities, major currency fluctuations, supply chain bottlenecks, or political risks.

Link grid investments to renewable energy development. If new grid infrastructure in developing countries is clearly linked to delivering renewable energy, international climate finance can be blended with large-scale private investment.

Countries that have taken these steps in combination have attracted major investments in green infrastructure. We look forward to working with legislators and regulators to expand investment in green grids on every continent.