



ENERGY

Global Geothermal Alliance Action Statement and Action Plan

Provisional copy



CLIMATE SUMMIT 2014

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Action Statement

On the occasion of the United Nations Secretary-General's Climate Summit, we, the Heads of Delegation of Iceland, [Bolivia, Chile, Colombia, Costa Rica, Djibouti, Ecuador, Ethiopia, Fiji, France, Germany, Grenada, Indonesia, Italy, Japan, Kenya, Mexico, New Zealand, Nicaragua, Peru, the Philippines, Rwanda, Turkey and the United States of America], together with the World Bank Group, the Inter-American Development Bank (IDB), the International Renewable Energy Agency (IRENA), the African Union [the International Geothermal Association (IGA), KfW Development Bank, and the International Geothermal Business Coalition]:

- Note that the investment risks associated with exploratory drilling, along with the associated costs, constitute the main obstacle to geothermal energy development. Exploration drilling has been financed almost exclusively by the public sector, while exploratory drilling requires very high rates of return to attract private investment capital. This is a significant challenge to the exploitation of geothermal resources, particularly in developing and emerging economies.
- Understand that the Global Geothermal Alliance offers a partnership platform among governments, international financing institutions, private sector investors and other stakeholders to provide customised support in addressing key challenges and to scale-up of geothermal energy deployment in developing countries. Areas of support would include the creation of enabling regulatory and institutional conditions for investment; the promotion of innovative financing and risk mitigation mechanisms for geothermal drilling; the design of effective incentive schemes for geothermal power supply; and capacity building and technical assistance for construction and operation of geothermal energy systems.

Therefore, we, the partners of the Global Geothermal Alliance,

- Announce the launch of the Global Geothermal Alliance to serve as a platform for dialogue and knowledge-sharing among partners as well as a coalition for action to increase the share of installed geothermal electricity and heat generation worldwide;
- Agree to develop and adopt a detailed Work Plan for the Alliance by January 2015;
- Request the Secretariat of International Renewable Energy Agency to act as the Secretariat of the Alliance, in order to facilitate the implementation of the Work Plan.

Any parties interested in joining this initiative may contact IRENA at e-mail EPress@irena.org.

Partners in the Global Geothermal Alliance:

Bolivia, Chile, Colombia, Fiji, Iceland, Kenya, Nicaragua, the Philippines
The Inter-American Development Bank, the World Bank Group
The International Renewable Energy Agency



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The Challenge

After decades of use, geothermal power is considered a mature, low-environmental-impact technology, but enjoys only modest growth of 3-4% per year. With global untapped capacity estimated at more than 100 GW, geothermal potential is being explored in Africa, Latin America and the Caribbean, Southeast Asia and the Pacific.

However, geothermal energy development particularly in developing countries faces important challenges. Due to risks related to geological drilling during the exploration phase, along with the associated costs, financing the early stage of the process is limited to investors that understand and accept the possible associated risks. Interested investors, meanwhile, require returns at a rate more than double the LCOE, presenting a significant hurdle for developing countries and emerging economies.

Different donor countries and key international institutions are in an effort to establish risk-mitigation facilities that aim to lower the risk associated with exploratory drilling.

The Response

The Global Geothermal Alliance offers a platform for a more effective communication among key stakeholders to enhance the provision of customised support to identify opportunities and support mechanisms to scale up geothermal capacity in developing countries. The Alliance will bring together all stakeholders in geothermal development including governments, international financing institutions, private sector investors and other practitioners to cooperate in the areas of geothermal development, such as: resource assessment, enabling frameworks for investment (including, institutional setup, legal and regulatory framework for resource development and exploitation), supportive policies to attract private investors, benchmarking of financing schemes, innovative financing and risk mitigation mechanisms, capacity building. The Alliance will also work to ensure that geothermal energy receives the attention it deserves in discussions on future energy supply and climate change. The Alliance will also further strengthen the development of regional Clean Energy Corridors that aim at accelerated deployment of renewable energy, particularly, in Eastern and Southern Africa and Central

The Commitment to Action

The Commitment to Action: The Global Geothermal Alliance concept was first introduced at the Abu Dhabi Ascent meeting on 4-5 May 2014. The concept was subsequently presented to a stakeholder meeting in Reykjavik in late May 2014, the IRENA 7th Council meeting in Abu Dhabi in June 2014, and the Sustainable Energy for All (SE4ALL) Forum in New York later the same month. These meetings brought together the founding members, presenting the opportunity for the formation of the Global Geothermal Alliance.

Geothermal development can play a vital part in the world's transition to a sustainable energy future. Based on the above, we the partners in the Global Geothermal Alliance undertake to support



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this coalition for action, the Global Geothermal Alliance and to develop its detailed Work Plan by January 2015. In the pursuit of our shared vision of increasing the share of installed geothermal capacity for electrical and heat generation worldwide, the Alliance will promote geothermal resource use to reinforce the development of regional Clean Energy Corridors, and the Africa Clean Energy Corridor in particular.