



SDG7 Energy Compact of the D-REC Initiative

A next Decade Action Agenda to advance SDG7 on sustainable energy for all, in line with the goals of the Paris Agreement on Climate Change

SECTION 1: AMBITION

1.1. Ambitions to achieve SDG7 by 2030. [Please select all that apply, and make sure to state the baseline of each target]

(Member States targets could be based on their NDCs, energy policies, national five-year plans etc. targets for companies/organizations could be based on their corporate strategy)

7.1. By 2030, ensure universal access to affordable, reliable and modern energy services.

Target(s):

The D-REC Initiative and its partners commit:

- To mobilize global corporations to deploy over 1 GW of Transformative Energy (new, zero-carbon energy in developing and emerging markets) by 2030.
- To support 100 global corporations to integrate Transformative Energy into their climate strategies.
- To catalyze over \$3 billion in new investments into Transformative Energy by 2030.
- To provide capacity building support to over 100 developers of distributed renewable energy projects in developing and emerging markets.

Time frame: 2021-2030

Context for the ambition(s):

The world must now rapidly decarbonize our global energy systems. To avoid the catastrophic impacts of climate change, GHG emissions must be cut in half by 2030 and drop to net-zero by 2050. At the same time, nearly 800 million people continue to lack access to basic electricity and nearly three billion still rely on dirty fuels for cooking. Every person deserves access to sustainable and abundant energy. The D-REC Initiative is building new linkages between SDG13 (Climate Action) and SDG7 (Sustainable Energy for All).

The D-REC Initiative is a not-for-profit, multi-stakeholder, industry-led initiative to create a global market for distributed renewable energy. The Initiative is creating new ways for global corporations and climate investors to achieve their climate goals while also accelerating the energy transition in developing and emerging markets.

Corporate climate leadership is already driving billions of dollars of investment into new renewable energy in developed countries (primarily in the USA and Europe). Corporate Power Purchase Agreements (PPAs) helped finance 24GW of new power in 2020, up 18% from 2019. Over 300 corporate members of RE100 with operations in 175 countries are already purchasing 334 TWh of renewable energy per year.

	<p>Although corporate climate action is already accelerating the energy transition, these investments are currently delivering limited benefits for people in developing and emerging markets. According to a new IEA report, emissions from emerging and developing countries are set to grow by 5 gigatons (Gt) over the next two decades. To achieve net-zero emissions by 2050, investments in clean energy in these economies must grow to \$1 trillion per year by 2030, a 7X increase over existing investment levels. Achieving universal access to electricity will require annual investments of \$35 billion per year for new centralized and decentralized renewable solutions.</p> <p>In this context we are launching PowerPositive: The Corporate Compact for Climate Justice. With this compact, we will work to ensure that over 100 global corporations integrate developing and emerging markets into their RE procurement and climate strategies. We will mobilize and support global corporations and climate investors to deploy 1 GW of Transformative Energy projects in developing and emerging markets by 2030.</p> <p>Transformative Energy projects are renewable energy projects that deliver outsized impact for both people and the planet. The climate impact of any new renewable energy project depends on where it is being built and the carbon intensity of the electricity that it replaces or displaces. Traditional corporate Power Purchase Agreements (PPAs) that add new renewables will displace, on average, 402 gCO2e/kWh in the United States, or just 255 gCO2e/kWh in Europe. Much greater climate impact can be achieved by deploying new renewables in developing and emerging markets. Distributed Renewable Energy (DRE) projects in southern Africa that displace coal-fired grid electricity or small-scale diesel generator, achieve 3-6 times the climate impact.</p> <p>There is a very strong climate case for integrating developing and emerging markets into corporate energy procurement strategies and net-zero investment portfolios. The case is even stronger when we consider the opportunities to advance climate justice. DRE projects can deliver power where it's needed most: on hospitals & health clinics, schools & colleges, rural communities, farms, small and medium sized businesses, improving lives and livelihoods.</p> <p>Examples of Transformative Energy projects include</p> <ul style="list-style-type: none"> • Rural community renewable energy mini-grids that provide abundant clean energy, transforming lives and displacing dirty-burning kerosene lanterns • Rooftop solar projects on schools and health facilities that ensure power availability for education, the refrigeration of vaccines, and the delivery of essential health care services. • Commercial and industrial RE applications that replace and displace diesel generators, powering supply chains and productive loads which support increased economic activity and new green jobs 	
<input type="checkbox"/> 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.	Target(s): Time frame: Context for the ambition(s):	
<input type="checkbox"/> 7.3. By 2030, double the global rate of improvement in energy efficiency.	Target(s): Time frame: Context for the ambition(s):	
<input type="checkbox"/> 7.a. By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel	Target(s): Time frame: Context for the ambition(s):	

technology, and promote investment in energy infrastructure and clean energy technology.		
<input type="checkbox"/> 7.b. By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programs of support.	<p>Target(s):</p> <p>Time frame:</p> <p>Context for the ambition(s):</p>	

1.2. Other ambitions in support of SDG7 by 2030 and net-zero emissions by 2050. [Please describe below e.g., coal phase out or reforming fossil fuel subsidies etc.]

Target(s):
 Time frame:
 Context for the ambition(s):

SECTION 2: ACTIONS TO ACHIEVE THE AMBITION

2.1. Please add at least one key action for each of the elaborated ambition(s) from section 1. [Please add rows as needed].

<i>Description of action (please specify for which ambition from Section 1)</i> Ambition 7.1 The D-REC Initiative will lead a multi-stakeholder process to design, deliver and demonstrate new ways to certify and value distributed renewable electricity (DRE). The Initiative will; 1. Design: Engage with multiple stakeholders, corporations, climate investors, DRE project developers and standards organizations to design and create a new market instrument, the Distributed Renewable Energy Certificate (D-REC) aligned with several Internationally-accepted climate accounting standards; 2. Deliver: Launch an open-source technology platform that will help market participants certify, track, claim, and monetize the positive climate impact of DRE projects; 3. Demonstrate: Facilitate a series of pilot projects that demonstrate how the D-REC instrument and technology platform can facilitate new flows of capital into transformative energy projects in developing and emerging markets while supporting corporate and investors' climate objectives.	<i>Jan 2021 to Dec 2022</i>
<i>Description of action (please specify for which ambition from Section 1)</i> Ambition 7.1 The D-REC Initiative will create a new de-risking financing facility. In collaboration with leading global climate investors and ambitious global corporations, we will lead a process to design and create a new financial intermediary. The de-risking facility will help the private sector procure renewable energy attributes, invest in distributed renewable energy projects and accelerate the energy transition in developing and emerging markets.	<i>Sept 2021 to Dec 2030</i>

We will mobilize climate investors and global corporations to deploy at least 1 GW of new Transformative Energy projects in developing and emerging markets. We will support these private sector actors to integrate Transformative Energy projects into their energy procurement and climate strategies, set targets and report on their progress.		
We will also track and report aggregated progress towards the 1 GW target and highlight examples of best practice in corporate RE procurement.		
<i>Description of action (please specify for which ambition from Section 1)</i>	<i>Start and end date</i>	

SECTION 3: OUTCOMES

3.1. Please add at least one measurable and time-based outcome for each of the actions from section 2. [Please add rows as needed].

<i>Outcome</i>	<i>Date</i>
The D-REC market instrument will be designed, delivered and demonstrated. Two or more pilot projects will demonstrate how corporate RE procurement can be leveraged to deploy new Transformative Energy projects in developing and emerging markets.	December 2022
Corporate RE procurement will support the deployment of over 1 GW of zero-carbon Transformative Energy by 2030	December 2030

SECTION 4: REQUIRED RESOURCES AND SUPPORT

4.1. Please specify required finance and investments for each of the actions in section 2.

1. **The D-REC Initiative will lead a multi-stakeholder process**
 - a. \$2m over 2 years to drive the initial process, create the D-REC technology platform and initiate the demonstration projects. (2021-2022)
 - b. \$3m over next 5 years to continue development and maintenance of the D-REC tech platform, released as open-source public good (2022-2027)
 - c. \$4m over 8 years to lead ongoing market development and advocacy work, tracking and reporting. (2022-2030)
2. **The D-REC Initiative will create a new de-risking financing facility.**
 - a. \$2m in grant funding over 2 years to design, structure and pilot the de-risking facility (2022-2023)
 - b. \$20m investment capital over 2 years to build large pipeline of Transformative Energy projects (2023-2024)
 - c. \$100m investment capital over 6 years to de-risk private sector investments into Transformative Energy project (2025-2030)

4.2. [For countries only] In case support is required for the actions in section 2, please select from below and describe the required support and specify for which action.

[Examples of support for Member States could include: Access to low-cost affordable debt through strategic de-risking instruments, capacity building in data collection; development of integrated energy plans and energy transition pathways; technical assistance, etc.]

<input type="checkbox"/> Financing	<i>Description</i>
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<input type="checkbox"/> In-Kind contribution	<i>Description</i>	
<input type="checkbox"/> Technical Support	<i>Description</i>	
<input type="checkbox"/> Other/Please specify	<i>Description</i>	

SECTION 5: IMPACT

5.1. Countries planned for implementation including the number of people potentially impacted.

1 GW of new renewables will generate approximately 1.4 TWh per year of zero-carbon energy, enough to provide 4.6 million people with access to the Modern Energy Minimum of 300 kWh/year of household energy.

It is not yet possible to provide country level estimates for the number of people potentially impacted. However, we have already identified 41 countries where global corporations have reported electricity consumption and Scope 2 emissions. We anticipate that corporate renewable energy procurement activities will potentially involve these and other developing and emerging markets.

Botswana

Burundi

Cameroon

Cote d'Ivoire

Eswatini

Gabon

Ghana

Mozambique

Namibia

Nigeria

Rwanda

Senegal

Seychelles

Sierra Leone

Tanzania

Zambia

Bangladesh

Cambodia

Laos

Mongolia

Myanmar

Nepal

Timor Leste

Bolivia

Caribbean

Cuba

Cuba

Ecuador

Puerto Rico
Saint Lucia
Surinam
Trinidad & Tobago
Uruguay
Venezuela
Cook Islands
Fiji
New Caledonia
Papua New Guinea
Samoa
Solomon Islands
Tonga

5.2. Alignment with the 2030 Agenda for Sustainable Development – Please describe how each of the actions from section 2 impact advancing the SDGs by 2030.

[up to 500 words, please upload supporting strategy documents as needed]

1. The D-REC Initiative will lead a multi-stakeholder process

The D-REC initiative will provide new sources of revenue to local renewable energy project developers and entrepreneurs, enabling them to engage in global climate markets (SDG 13-Climate Action) and reduce energy poverty (SDG7-Sustainable Energy for All) in the underprivileged and underserved communities across Sub-Saharan Africa and other developing regions in the world. Our Ambition by 2026 is to achieve;

- 250,000+ tonnes annual carbon reductions
- USD 300M+ catalyzed from the private sector (~USD 100M/year level)
- 500,000+ sustainable livelihoods improved in underprivileged and underserved communities across the world
- ~2X IRR improvement of the DRE projects hence accelerated deployment of DRE in emerging markets

By mobilizing corporate investment in transformative energy such as rural community energy mini-grids and rooftop solar in health clinics and schools, our ambition not only addresses SDG 7 and 13, but also SDG to address the following other SDGs.



2. The D-REC Initiative will create a new de-risking financing facility

While there has been some progress to scale up financing for SDG 7, a huge gap still exists as outlined in section 1 above. And although global corporations are now starting to commit to bold climate action, most of the climate finance has not been invested equally or where it is needed the most. The private sector is missing the opportunity to achieve maximum climate and social impact with their RE procurement activities. The D-REC Initiative will address 4 major challenges to mobilize financing for SDG 7;

- Offer long-term off-take agreements from D-REC buyers to cushion against uncertain project revenues
- Provide new hard-currency revenue stream that will help project developers to avert risks from foreign exchange
- Provide the D-REC Platform which lowers transaction costs of aggregation of small systems and projects
- Improved project economics and IRR for DRE projects

5.3. Alignment with Paris Agreement and net-zero by 2050 - Please describe how each of the actions from section 2 align with the Paris Agreement and national NDCs (if applicable) and support the net-zero emissions by 2050.

[up to 500 words, please upload supporting strategy documents as needed]

- 1. The D-REC Initiative will lead a multi-stakeholder process**
- 2. The D-REC Initiative will create a new de-risking financing facility**

Corporates are starting to take climate action. Over 1000 companies have signed up for the Science-Based Targets Initiative, setting clearly defined commitments to reduce emissions in line with the Paris Agreement. Similarly, over 290 global companies are also members of the RE100 movement where they are committing to power their businesses with 100% renewable electricity. The D-REC Initiative is creating new ways for global corporations and climate investors to achieve these climate goals and pledges in line with Article 6 of the Paris agreement.

The Initiative will help companies to:

- Reduce Scope 2 emissions and address Scope 3 emissions through collaborations with supply chain partners
- Achieve 3-6 times the climate impact of traditional corporate PPAs in developed markets
- Leverage investment capital to build portfolios of zero-carbon energy projects.

SECTION 6: MONITORING AND REPORTING

6.1. Please describe how you intend to track the progress of the proposed outcomes in section 3. Please also describe if you intend to use other existing reporting frameworks to track progress on the proposed outcomes.

For tracking the progress towards the ambition we intend to use the high-resolute data that the D-REC processes, reflecting the performance of all deployed DRE systems that are supported via financing mechanism of the D-REC instrument. Across a very large portfolio of Transformative Energy projects, the D-REC Technology Platform will track and report on every unit (kWh) of electricity generated, with time/date, geographic locations, contextual data about the co-benefits and broader SDG impacts. The tech platform will verify and certify the energy production data, ensuring that impact data is properly attributed and never double-counted.

The D-REC Technology Platform will also be designed to integrate with widely accepted international environmental attribute tracking protocols and standards, such as the I-REC standard.

The annual reporting will include the total added capacity that was catalyzed through the D-REC instrument, as well as an estimate of beneficiaries that these installations supply energy to. In the reporting, the companies through whose engagement these RE installations have been made possible, will be listed as commercial disclosure permits.

SECTION 7: GUIDING PRINCIPLES CHECKLIST

Please use the checklist below to validate that the proposed Energy Compact is aligned with the guiding principles.

I. Stepping up ambition and accelerating action - Increase contribution of and accelerate the implementation of the SDG7 targets in support of the 2030 Agenda for Sustainable Development for Paris Agreement

I. 1. Does the Energy Compact strengthen and/or add a target, commitment, policy, action related to SDG7 and its linkages to the other SDGs that results in a higher cumulative impact compared to existing frameworks?

Yes No

I.2. Does the Energy Compact increase the geographical and/or sectoral coverage of SDG7 related efforts? Yes No

I.3. Does the Energy Compact consider inclusion of key priority issues towards achieving SDG7 by 2030 and the net-zero emission goal of the Paris Agreement by 2050 - as defied by latest global analysis and data including the outcome of the Technical Working Groups? Yes No

II. Alignment with the 2030 agenda on Sustainable Development Goals – Ensure coherence and alignment with SDG implementation plans and strategies by 2030 as well as national development plans and priorities.

II.1. Has the Energy Compact considered enabling actions of SDG7 to reach the other sustainable development goals by 2030? Yes No

II.2. Does the Energy Compact align with national, sectoral, and/or sub-national sustainable development strategies/plans, including SDG implementation plans/roadmaps? Yes No

II.3. Has the Energy Compact considered a timeframe in line with the Decade of Action? Yes No

III. Alignment with Paris Agreement and net-zero by 2050 - Ensure coherence and alignment with the Nationally Determined Contributions, long term net zero emission strategies.

III.1. Has the Energy Compact considered a timeframe in line with the net-zero goal of the Paris Agreement by 2050? Yes No

III.2. Has the Energy Compact considered energy-related targets and information in the updated/enhanced NDCs? Yes No

III.3. Has the Energy Compact considered alignment with reaching the net-zero emissions goal set by many countries by 2050? Yes No

IV. Leaving no one behind, strengthening inclusion, interlinkages, and synergies - Enabling the achievement of SDGs and just transition by reflecting interlinkages with other SDGs.

IV.1. Does the Energy Compact include socio-economic impacts of measures being considered? Yes No

IV.2. Does the Energy Compact identify steps towards an inclusive, just energy transition? Yes No

IV.3. Does the Energy Compact consider measures that address the needs of the most vulnerable groups (e.g. those impacted the most by energy transitions, lack of energy access)? Yes No

V. Feasibility and Robustness - Commitments and measures are technically sound, feasible, and verifiable based a set of objectives with specific performance indicators, baselines, targets and data sources as needed.

V.1. Is the information included in the Energy Compact based on updated quality data and sectoral assessments, with clear and transparent methodologies related to the proposed measures? Yes No

V.2. Has the Energy Compact considered inclusion of a set of SMART (specific, measurable, achievable, resource-based and time based) objectives? Yes No

V.3. Has the Energy Compact considered issues related to means of implementation to ensure feasibility of measures proposed (e.g. cost and financing strategy, technical assistant needs and partnerships, policy and regulatory gaps, data and technology)? Yes No

SECTION 8: ENERGY COMPACT GENERAL INFORMATION

8.1. Title/name of the Energy Compact

PowerPositive: The Corporate Compact for Climate Justice

8.2. Lead entity name (for joint Energy Compacts please list all parties and include, in parenthesis, its entity type, using entity type from below)

The compact will be co-led by both Positive Capital Partners, Inc. and South Pole Carbon Asset Management Ltd.

8.3. Lead entity type

Government

Local/Regional Government

Multilateral body /Intergovernmental Organization

Non-Governmental Organization (NGO)

Civil Society organization/Youth

Academic Institution /Scientific Community

Private Sector Philanthropic Organization Other relevant actor

8.4. Contact Information

For Positive.Capital Partners, Ltd.: Paul Needham: (paul.needham@positive.capital)
For South Pole Carbon Asset Management Ltd: Gian Autenrieth (g.autenrieth@southpole.com)

8.5. Please select the geographical coverage of the Energy Compact

Africa Asia and Pacific Europe Latin America and Caribbean North America West Asia Global

8.6. Please select the Energy Compact thematic focus area(s)

Energy Access Energy Transition Enabling SDGs through inclusive just Energy Transitions Innovation, Technology and Data Finance and Investment.

SECTION 9: ADDITIONAL INFORMATION (IF REQUIRED)

Please provide additional website link(s) on your Energy Compact, which may contain relevant key documents, photos, short video clips etc.

<https://www.d-recs.energy/>

Webinar: [Financing Climate Action through Distributed Renewables](#)

[“UNDP Partners with D-REC Initiative to Scale Up Energy Access Through Innovative Investment Models”](#)

Webinar: [Financing solar at the last mile: perceived challenges, risks and opportunities](#)