

What Price Energy Transformation?

A Three-Part Strategy Seminar
on Transatlantic Dimensions
of Energy, Environment and Security

ANNOTATED AGENDA

Washington, DC, January 24-25, 2008

Berlin, February 28-29, 2008

Brussels, April 24-25, 2008

This Seminar Series is co-organized by the German Marshall Fund of the United States and the Ecologic Institute for International and European Environmental Policy in Berlin.

It is sponsored by the European Commission (Directorate-General for External Relations) and by the Transatlantic Program of the Government of the Federal Republic of Germany through funds of the European Recovery Program (ERP) of the Federal Ministry of Economics and Technology. We are also grateful for support from the Heinrich Böll Foundation and the Royal Embassy of Denmark in Berlin.

We are grateful for support and sponsoring from:



"We [...] affirm our commitment to accelerate the transformation of our energy infrastructure [...]. As we usher in this Age of Energy Transformation, we will act together [...] to research, develop, deploy and commercialize clean energy technologies that will change the way we power our homes, businesses, and automobiles."

President George Bush, Chancellor Merkel of the Federal Republic of Germany and President of the European Council, and President Jose Manuel Barroso of the European Commission, meeting in the US-EU Summit on April 30, 2007 (Statement on Energy Security, Efficiency, and Climate Change).

The Strategy Seminar "What Price Energy Transformation?" is a series of three events. The same group of experts will be brought together on three occasions to discuss the nexus of energy, environment, and security from different angles but with the common purpose of developing and as far as possible agreeing conclusions addressed to policy-makers on both sides of the Atlantic. At each event, additional key-note speakers will contribute to the deliberations giving shape to the Age of Energy Transformation invoked by the leaders of the United States and the European Union.

The tight group will include balanced numbers of participants from the US and the EU, from the relevant fields of policy and expertise, and from business, government, science, and the media. All participants will help to shape the agenda, engage actively in the discussions, share their insights, challenge conventional wisdom, and develop key messages. The co-organizers will structure and facilitate the process and the formulation of conclusions. The agenda proposed in this program is open to changes, and the content of the conclusions will be determined by the group. A modified "Chatham House Rule" will encourage an open exchange.

1st Strategy Seminar: The Economics of Energy and Climate Change

January 24-25, 2008, Board Room, German Marshall Fund of the United States, 1744 R Street, Washington, DC

The 1st Strategy Seminar looks at the nexus of energy, environment, and security from the economic angle, taking in issues of economic policy, regulatory cooperation and security of supply. It meets in Washington, home of global institutions for economic and financial cooperation, and also of hubs on international reflection and debate about global climate policies.

The first day will set the framework for the seminar series. It focuses on the current political debate, international negotiations, as well as the economic and regulatory framework.

The dinner speeches should provide a political perspective and allow for reflection on the discussions of the first day, and raise the level of ambition or courage expected from the seminar outcome.

The second day will focus on the issue of mobility, as well as international economic cooperation among industrialized and industrializing countries.

Key messages and conclusions of the first seminar will be captured in a first draft summary. This summary will be developed during the 2nd and 3rd Strategy Seminar and finalized on the conclusion of the 3rd Seminar as a publishable paper*.

Thursday, January 24, 2008

10:30 Registration and Coffee

11:30 **Session 1: Welcome and Outlook**

Host: **Thomas Kleine-Brockhoff**, Senior Director Policy Programs, The German Marshall Fund of the United States

Sponsors:

Mario Soos, German Embassy, Washington, DC

Co-Organizers:

R. Andreas Kraemer, Director, Ecologic

Introduction of Rapporteur

13:00 Lunch

14:00 **Session 2: Climate Change and the Cost of Inaction**

The Stern Review and its consequences: Can we put a price tag on policy inaction?

Chair/Moderator: Deb Callahan, Consultant, Climate & Energy Program, The German Marshall Fund of the United States

Introduction: Jennifer Morgan, Director, Climate & Energy Security, E3G

Introduction: Suedeem G. Kelly, Commissioner, Federal Energy Regulatory Commission, Washington DC

15:30 Coffee Break

15:45 **Session 3: Oil and Market Power – Coping with Addiction**

What are the economics of the oil sector and international oil trade? What are the consequences of oil production peaking and then declining? The session will also touch on the liquefaction of coal, a "backstop technology" for producing a substitute for oil. What would be the economic, environmental and climatic and security consequences? What would be the consequences if all oil and coal are burnt?

Chair/Moderator: Sascha Müller-Kraenner, Senior Policy Advisor and the European representative to The Nature Conservancy

Introduction: Pierre Noël, Judge Business School, University of Cambridge

Introduction: Chris Flavin, President, Worldwatch Institute

17:15 Coffee Break

17:30 **Session 4: Linking up the World on Carbon Trading**

This session reviews the EU Emission Trading Scheme and the Linking Directive; US systems under discussion or development, as well as options and obstacles to linking between the EU and the U.S. (including on the state level). The EU can link much of the global economy to its emission trading scheme, and is increasingly getting economic benefits from doing so. U.S. participation in the EU scheme depends – among others – on the adoption and implementation of similar trading schemes with similar levels of coverage and ambition (as measured by general price levels).

Chair/Moderator: **Camilla Bausch**, Head of Climate and Energy, Senior Fellow, Ecologic Institute

Introduction: **Martin Hansen**, Advisor to the Minister, Danish Ministry of Climate and Energy

Introduction: **Karsten Neuhoff**, Faculty of Economics, Cambridge University

19:00 **Closure of Day 1 – Announcements**

Transport to the German Embassy

19:30 **Reception/Dinner – American Contributions to Transatlantic Cooperation on Climate Change?**

Location: **Embassy of the Federal Republic of Germany**, Embassy House, 1900 Foxhall Road NW, Washington, DC

Host: **Mario Soos**, German Embassy, Washington, DC

Chair/Moderator: **Constanze Stelzenmüller**, Director, Berlin Office, The German Marshall Fund of the United States

Keynote Speaker: **Kurt Volker**, Principal Deputy Assistant Secretary of State, Bureau of European and Eurasian Affairs, U.S. Department of State

22:30 *Transport to Hotel*

Friday, January 25, 2008

8:30 **Session 5: Securing Affordable Mobility**

Transport is the most vulnerable subsystem in our industrialized and urbanized societies; it is strongly dependent on liquid fuels. Transport is only a means to reach an end: mobility. The session explores possibilities for re-inventing transport, from novel concepts for individual transport to the use of information and communication technology.

Chair/Moderator: **Hans-Joachim Ziesing**, Consultant, former Senior Executive German for Economic Research

Introduction: **Malcolm Fergusson**, Senior Fellow and Head of Transport Program, Institute for European Environmental Policy

Introduction: **Kit Batten**, Director of Environmental Policy, Center for American Progress

10:00 Coffee Break

10:15 **Session 6: Industrial Society and the Rising Price of Energy**

Towards a global public policy on energy and industrial restructuring, the session will review existing institutions and procedures for developing, agreeing and implementing public (international) policies for industrial modernization and restructuring. In the absence of sufficient political will for strong intergovernmental cooperation, the role of change agent will fall on private enterprise. What can (and should) governments do or not do to facilitate private sector and non-governmental action?

Chair/Moderator: Mikael Skou Andersen, National Environmental Research Institute, Department of Political Analysis, Denmark

Introduction: Reid Detchon, Executive Director, Climate and Energy, United Nations Foundation

Introduction: Joseph E. Aldy, Fellow, Resources for the Future; Co-Director, Harvard Project on International Climate Agreements

11:45 Coffee Break

12:00 **Summary Session: Analysis and Conclusions**

Presentation of Summary Text (first draft, with “open points” to be revisited in the 2nd and 3rd Strategy Seminars) by R. Andreas Kraemer, Discussion

13:00 **Closure, Acknowledgements, Next Steps**

2nd Strategy Seminar: Resources and Climate Change

February 28-29, 2008, Royal Embassy of Denmark, Rauchstrasse 1, 10787 Berlin

The 2nd Strategy Seminar examines the nexus of energy, climate change, and security from the environmental angle, focusing particularly on resources and climate change. It will be held in Berlin, one of the hubs of international reflection and debate about global climate policies under the leadership of Chancellor Angela Merkel.

The first day will recall the framework for the seminar series, and review the summary of the first seminar, including "open points". The Seminar will take stock of current energy resource use, reserves and outlook. The potential of main energy sources and technologies, as well as related environment and climate challenges will be addressed. Where are they located? What is their future potential? What are their respective economic and technological, environmental and climatic, and security policy implications?

The dinner speeches should provide a counterpoint to the first day's discussions, challenge supply-side thinking, and put the theme into a wider political context.

The second day focuses on energy efficiency, the potential for "getting more from less", and the need/potential for restructuring the energy supply systems on which industrialized, urbanized and mobilized societies depend.

Key messages and conclusions of the second seminar will be captured, together with the points from the first seminar in a second draft summary. This second draft summary is then to be further developed during the 3rd Strategic Seminar and is to be finalized at the conclusion of the 3rd seminar.

Thursday, February 28, 2008

10:00 Registration and Coffee

11:00 **Session 1: Welcome, Recall and Outlook**

Host: His Excellency the Ambassador of Denmark to Germany,
Carsten Søndergaard

Sponsors:

Karsten D. Voigt, Transatlantic Coordinator, German Foreign Ministry

Co-Organizers:

Constanze Stelzenmüller, Director of the Berlin Office of the German Marshall Fund of the U.S.

R. Andreas Kraemer, Director, Ecologic

Rapporteur : Analysis and Conclusions from 1st Seminar

12:30 Lunch

13:30 **Session 2: Renewable Energies – a Miracle Cornucopia?**

Water, Wind, Sun, Geothermal and Biomass Energy: what are the technical models, potentials, challenges and limits? How reliable and predictable are they? What is their potential impact on development? On migration? On food security? What are their drawbacks, and how “clean” are they really?

Chair/Moderator: **Camilla Bausch**, Senior Fellow, Ecologic

Introduction: **Hans-Joachim Ziesing**, Consultant, former Senior Executive German for Economic Research

Introduction: **Miranda Schreurs**, Director, Environmental Policy Research Centre, Freie Universität Berlin

15:00 Coffee Break

15:15 **Session 3: Nuclear Energy – A Radiant Future?**

Nuclear energy is one of the most controversial resources in today’s debate – due to limited uranium supply, rising costs of mining and processing, risks of proliferation (including terrorism), lack of near-term prospects for technological improvements (fusion), legacy and waste disposal issues, and low public acceptance. Nevertheless, nuclear energy is espoused by an increasing number of policymakers as a “clean” alternative to fossil energies. This session explores the issues and the potential role of nuclear energy, and clarifies areas of consensus and controversy among the participants.

Chair/Moderator: **R. Andreas Kraemer**, Director, Ecologic

Introduction: **Lutz Mez**, Senior Ass. Prof. at the Department of Social and Political Sciences, Freie Universität Berlin

Introduction: **Mykle Schneider**, International Consultant, Mykle Schneider Consulting

16:45 Coffee Break

17:00 **Session 4: Fossil Energies – Evidence of Hope?**

Coal reserves are becoming ever more costly to mine, process, and use, but still play a role in energy diversification scenarios; what is the best or least bad pathway? Oil is the most important liquid fuel, and the transport sector currently depends on it without available substitutes; but it will expire earlier, and exhibits steeper likely future costs for extraction. Natural gas may be in even shorter supply, but offers potential for developing decentralized energy systems, creating a bridge to biogas (and other biofuels). What are the technological and economic prospects and limitations for carbon sequestration?

Chair/Moderator: R. Andreas Kraemer, Director, Ecologic

Introduction: Jason Anderson, Head of Climate Change Program, Institute for European Environmental Policy

Introduction: Wolfgang Dirschauer, Head of Climate Policy, Vattenfall AG Europe

18:30 **Closure of Day 1 – Announcements**

18:45 *Transport to the Residence*

19:30 **Dinner – European Contributions to Transatlantic Cooperation on Climate Change?**

Residence of the Danish Ambassador (Podbielskiallee 34, Berlin-Dahlem)

Host: His Excellency the Ambassador of Denmark to Germany, Carsten Søndergaard

Keynote Speaker: Mikael Skou Andersen, National Environmental Research Institute, Department of Political Analysis, Denmark

22:00 *Transport to Hotel*

Friday, February 29, 2008

8:30 Keynote: **Hans Jørgen Koch**, Deputy State Secretary, Ministry of Climate and Energy, Danish Energy Authority

9:00 **Session 5: Energy Efficiency – Expanding the Realm of the Possible**

Transport, buildings, appliances, processes: the untapped potential for higher efficiency in energy use is enormous. Realizing energy efficiencies, and expanding supply becomes less urgent. But some sectors are more efficiency-resistant than others – for example, aviation. What measures can be taken to promote energy efficiency?

Chair/Moderator: R. Andreas Kraemer, Director, Ecologic

Introduction: Jake Schmidt, Director, International Programs, Center for Clean Air Policy

Introduction: Harvey Sachs, Buildings Program Director, The American Council for an Energy-Efficient Economy

10:30 Coffee Break

10:45 **Session 6: Transforming Energy Use – Aiming for the Impossible?**

What changes do we need to make in all components of our industrial societies in order to switch supplies to sustainable and secure sources? Is it possible to shift the focus of the energy debate from the supply to the demand side – not through regulation, but with the help of information, “smart” technologies and incentives? Which sectors of human activity are more amenable to energy use transformation, which are less so (mobility)? – This session links the resource/environment perspective of the 2nd seminar with the economic, regulatory and supply-security aspects of the 1st seminar.

Chair/Moderator: R. Andreas Kraemer, Director, Ecologic

Introduction: Hans-Joachim Ziesing, Consultant, former Senior Executive German Institute for Economic Research

Introduction: Jens Hobohm, Researcher, German Institute for International and Security Affairs

12:15 Coffee Break

12:30 **Summary Session: Analysis and Conclusions**

Presentation of Summary Text for 1st and 2nd Seminars (with “open points” to be revisited in the 3rd Strategy Seminar) by Rapporteur, Discussion. An edited version will be mailed to participants for review before the 3rd Seminar.

13:30 **Closure, Acknowledgements, Next Steps**

14:15 **Light Lunch**

3rd Strategy Seminar: Climate Change, Energy Systems and Security Policy – can the Risk be Managed?

April 24-25, 2008, Sofitel Place Jourdan 1, 1040 Brussels, Paul Henri Spaak I

The 3rd Strategy Seminar examines the security aspects of climate change and energy. It will be held in Brussels, home of the headquarters of both NATO and the EU: one a transatlantic security alliance increasingly preoccupied with the security challenges arising out of scarce energy resources and climate change, the other a European union of states increasingly concerned with providing security at home and abroad and in the process of developing coherent energy and climate change policies.

The first day will recall the framework for the seminar series, and review the summary of the first and second seminars, including "open points". It sets the stage by examining present and future security risks arising out of climate change and competition for scarce energy resources, and asks what the consequences are for national security strategies and policies. Next, options for peaceful multilateral risk management are examined.

The dinner speeches will provide an insight into current policy debates on managing the risks emanating from climate change and resource shortages at NATO and the European Council. Are existing frameworks and instruments sufficient for dealing with these new tasks – and do we even agree in our risk analysis and preferred responses? Is burden-sharing or partnering between NATO and the EU desirable and possible?

The three sessions on the second day will be devoted to completing the group's analysis of the climate change, energy and security nexus, to agreement of conclusions and policy recommendations, and to final editing of the report to be disseminated.

Thursday, April 24, 2008

10:30 Registration and Coffee

11:30 **Session 1: Welcome, Recall and Outlook**

Host: Corinna Hörst, Deputy Director, Brussels Office, The German Marshall Fund of the U.S., tbc

Sponsors:

X, German Embassy, Brussels

Co-Organizers:

Constanze Stelzenmüller, Director, Berlin Office, The German Marshall Fund of the U.S.,

R. Andreas Kraemer, Director, Ecologic

Rapporteur: Agreed Analysis and Conclusions from 1st and 2nd Seminars

13:00 Lunch

14:00 **Session 2: Climate Change and Security: A New Threat Landscape**

What impact do extreme weather events, drought, flooding, rising sea levels, retreating glaciers, habitat shifts, the increased spread of life-threatening diseases, increasing competition for resources and migration have on national security today? What are the most realistic projections for the future? What are the implications for national security strategies and policy, for prevention, containment – and post-catastrophe management?

Chair/Moderator: **Jeffrey Mazo**, Managing Editor, Survival, The International Institute for Strategic Studies

Introduction: **Julianne Smith**, Director and Senior Fellow, Europe Program, Center for Strategic and International Studies

Introduction: **Meinhard Schulz-Baldes**, Secretary-General, German Advisory Council on Global Change, Germany

15:30 Coffee Break

15:45 **Session 3: Energy and Security: New Risks, New Tensions**

The scramble for scarce fossil energy sources is creating new security risks and tensions. What are the regional flashpoints? What are the sector-specific risks? What aspects (critical infrastructure, pipelines, supply routes) of our open and globally connected political systems are particularly vulnerable, and to what (natural catastrophes, instability, terrorism)? What impact do these new risks have on strategy today, and what are the policy options for governments who seek to manage them in the future?

Chair/Moderator: **Constanze Stelzenmüller**, Director, Berlin Office, The German Marshall Fund of the U.S.

Introduction: **Bernice Lee**, Head, Energy, Environment and Development Programme, Royal Institute of International Affairs, Chatham House

Introduction: **Helga Flores-Trejo**, Executive Director, Heinrich-Böll Foundation North America,

17:15 Coffee Break

17:30 **Session 4: Is Peaceful Risk Management Possible? Options for Multilateral Regulation**

The conventional wisdom is that the combined tensions arising out of climate change and the rising demand for scarce energy sources will create new global zero-sum games, or at least give rise to new resource nationalism(s) and ruthless realpolitik, which in themselves would create new global instabilities. What options are there for multilateral regulation, who would be the lead actors, what frameworks might be used?

Chair/Moderator: tbc

Introduction: **Gero von Randow**, DIE ZEIT

Introduction: **Karsten Sach**, Deputy Director General "International Cooperation", German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

19:00 **Closure of Day 1 – Announcements**

20:00 **Dinner – What Role for International Institutions in Confronting Security Threats Arising out of Climate Change and Competition for Scarce Energy Resources?**

Location: Restaurant Poivre et Sel, Rue Du Parnasse ,2 1050 Brussels

Host: **Corinna Hörst**, Deputy Director, Brussels Office, The German Marshall Fund of the U.S., tbc

Chair/Moderator: **R. Andreas Kraemer & Constanze Stelzenmüller**

Keynote Speakesr:

Jamie Shea, Head of Policy Planning, NATO

Helga Schmid, Director Policy Unit, EU Council Secretariat

Friday, April 25, 2008

- 8:30 **Session 5: Where Do We (Want To) Go From Here**
Breakfast Session; Distribution of Summary Points from Day 1
- Chair/Moderator: Constanze Stelzenmüller &**
R. Andreas Kraemer
- 10:00 Coffee Break
- 10:15 **Session 6: Lighting the Way (drafting session)**
Presentation of a Draft Text by Rapporteur, Discussion
- 11:45 Coffee Break
- 12:00 **Summary Session: Agreeing Analysis and Conclusions**
- 13:00 **Closure, Acknowledgements, Next Steps, Dissemination?**
- 14:00 Departure – Drafting Committee copy-edits agreed analysis and
conclusions

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