

POWER FOR THE PEOPLE

PROPOSING A GLOBAL FUND FOR A CLEAN ENERGY ACCESS REVOLUTION'

An alternative energy model is necessary. The dominant centralised, fossil fuel-intensive energy model driven by big fossil fuel companies and some governments is leading the world to climate disaster. Extracting that energy has always been dirty and bloody. It is getting dirtier and more brutal as the easy-to-get oil runs dry. Such an energy future also puts billions of people out in the cold and leaves them to rely on dangerous and dirty fuels for cooking and heating. An alternative energy model must provide for people and be carbon free, decentralised and under democratic control. We set out such a future and show how we can get there.

THE CURRENT ENERGY MODEL IS FAILING PEOPLE AND THE PLANET

The global temperature rise is now about 0.85° Celsius above pre-industrial levels and this is already catastrophic for millions of people around the world. In 2010, people in Pakistan, China and West Africa lost their homes, livelihoods and even their lives to extraordinary floods while Russian people saw their crops burn during an intense heat wave. 2011 opened with unprecedented flooding in Australia and Brazil and continued with exceptional drought on the Mexico-US border and in East Africa. The human toll is highest where people are poorest.

The world's governments have agreed to aim at stabilising the global temperature at 2°C. There is no 'safe' level for rising temperatures and 2°C is a recipe for disaster. Moreover, governments are not doing what it takes to meet that target. They have all pledged to limit emissions of greenhouse gases but, even if they keep these promises, global temperatures will rise by over 5°C by the end of this century. Africa warms at about one and a half times the average



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rate, so that means a rise of 7 or 8°C and an unliveable climate. African countries will face unprecedented famines if emissions are not sharply reduced.

In fact, it is unlikely that governments will keep their promises. South Africa has already fiddled the figures on its pledge to give itself an extra 100 million tonnes a year emissions allowance. The reason is simple. Eskom, the national power corporation, is building two massive new coal fired power plants to provide electricity to energy hungry mines and industries. Just 36 corporations consume 45% of all electricity in South Africa and industry as a whole consumes around 70%. For the most part, they have got their power at below what it costs Eskom to produce it and the very biggest consumer – BHP Billiton’s aluminium smelters – gets it at less than half the cost of production.

Residential electricity uses only 18% of the national total, and most of that is consumed by the richest 20% of South Africans. The poorest 20% do not get electricity. The 60% in between are wired up but many have a restricted supply which means they can only run some lights and maybe a kettle or an iron. Many are connected through pre-paid meters and they pay the highest rate for their electricity – five

or six times what Billiton pays. All are struggling to pay the bill or find money for the meter. When they run out they must go without or use paraffin, coal or wood for household energy.

These dirty energies are not only expensive but have a huge impact on the lives of the poor. Indoor air pollution is a leading cause of death in children. Indoor coal braziers or paraffin stoves also create fire hazards, particularly in crowded households where accidents are more likely. In densely packed shack settlements the fires spread rapidly and every year thousands of people lose everything.

In the five years to 2012, electricity tariffs will have risen by 140% (above inflation) and Eskom says it needs still more increases. The reason is simple. The big new power plants are extravagantly expensive. The World Bank gave power utility Eskom a loan to make sure they could build them. It is funding similar projects in other developing countries. Taken together, emissions from the all the coal, oil and gas projects supported by the Bank in 2008 will add up to over two billion tonnes a year. Despite this, the Bank has positioned itself as a leading source of climate finance. It even claims that its loans contribute to long-term mitigation.

Big fossil fuel plants are designed to last for 60 years or more. Unless they are shut down early at great cost, they will lock in carbon emissions for most of the coming century and will literally cost the earth. Environmentalists have been saying this for years. In its latest World Energy Outlook, the conservative International Energy Agency comes to the same conclusion: to meet even the 2°C target, all future ‘carbon space’ will be booked out in the next few years. Building new fossil fuel plant and infrastructure must stop.

The Bank’s mission is to alleviate poverty. The Extractive Industry Review commissioned by the Bank in 2000 found that its fossil energy projects around the world had neither that intention nor effect. The primary intention of its oil and coal projects is to get the energy to ‘the market’ – which means to the rich world: 80% of the World Bank’s oil extraction investment in Africa is for Northern consumption. The South African project is no different. The energy intensive industries export much of what they produce and the energy is embedded in those goods. They also export their profits to their shareholders in London, New York and Sydney.

The Bank and the South African government both claim that the power stations are necessary for ‘energy access’ – which means making electricity available to people. They also insist that the tariff increases are necessary to recover the costs and repay the loans but do not explain how poor people will find the money. BHP Billiton, by contrast, has a long-term supply contract and is exempt from the tariff increase. Its very significant share of the cost of the new power plants is transferred to all other consumers including the poor. Its shareholders benefit while more households are driven into poverty.

This is the pattern of a fossil-fuel dominated future. Under centralised elite management, it is dirty and driven



by profit and not by people's needs. It includes renewables but, particularly in the heavy industry zones of the global economy, renewables are simply added into an ever expanding energy mix.

Globally, big energy corporations are looking at ways of maintaining centralised control of energy production even as they expand into renewables. They are also trying to dominate the energy access agenda. Large dirty energy companies like Eskom (SA) and Duke Energy (USA) have been invited on to the UN Secretary General's High-level Panel for Sustainable Energy for All, and the E8 (the G8's biggest electricity utilities) are working closely with UN-Energy. There is no voice for those who are affected.

Having bailed out the banks during the financial crisis, national governments say there is no public money left for the climate. Unsurprisingly, the bailed out banks and the World Bank agree that private finance, leavened with carbon trading, is the only way to go. So Bank of America chairs the UN's High-level Panel while Deutsche Bank has produced a detailed energy access plan which focuses on 'de-risking' private investment and public-private partnerships. This means converting public funds into private profit while the state – or more accurately, the poor – bear the cost of the risk but don't enjoy the benefit. Any mention of affordability or safeguard is in relation to investors not people or the planet.

These responses entrench corporate power and social inequality. They remake the energy system to serve, once more, narrow political and economic interests. These interests are reinforced through an intellectual property regime that gives corporations control of society's technology choices. They will also profit as the carbon markets, pushed by the World Bank and others, hasten the flight of capital to Northern traders and financiers

and funds landgrabs in the name of responding to climate change. This is the agenda being taken to Rio de Janeiro on the twentieth anniversary of the 1992 Earth Summit: claiming to serve sustainable development, the new concept of the 'green economy' is a disguise to the drive corporate profit and narrow economic growth that endangers this planet and keeps power in the hands of the few.

WHAT OUR NEW ENERGY MODEL MUST LOOK LIKE

Another energy model is achievable. Making it happen requires more than a partial shift to renewables within the regime of corporate control. We propose that a transition to a people's energy regime can start now by making use of instruments, technology and finance which, in principle, are already available. We emphasise that this is the beginning and not the map of a road which must be defined by people's actions. This beginning is composed of the following elements:

- A global fund will provide upfront financing from public sources for universal access to renewable electric power and non-electric energy services such as solar water heaters and biogas. The collection and dispersal of funds must take account of the climate debt owed by the North to the South and by the rich to the poor.
 - Funding sources may include diverting fossil fuel subsidies, diverting military spending, imposing a levy on aviation and maritime fuels or imposing a financial transaction tax on speculative international money flows.
 - This fund will initially be outside the control of the UNFCCC and governed by donor countries, recipient countries, technical experts and representatives of the billions without access to clean, affordable and reliable energy.
- A global commons technology regime similar to the open source initiatives in information technology: The current intellectual property rights regime for clean energy technologies under the World Trade Organisation must be suspended. In the second half of the 20th Century, the capacity for innovation was increasingly privatised. It is critical that it should find a home in public and democratic institutions.
 - Community ownership and democratic control: In addition to community finance for renewable technology, the global fund guarantees payment for all renewable energy generated on-grid, off-grid or across a mini-grid, similar to a feed-in tariff (FiT). Thus far, FiTs have proven the most effective policy instrument at accelerating decentralised renewable energy and the principle of guaranteed payment for generation can be adapted to national circumstances. This covers the higher upfront investment costs of renewables and supports local community ownership and democratic control of the means of producing energy. In Europe, community ownership is already stimulating the revival of local economic and social life.
 - Democratic participation at all scales: Local community groups must be involved in the conceptualisation and design of a national energy strategy, as well as its implementation on the ground. Through people's organisations and movements, they must also be involved in the design and management of the global fund to ensure that it remains focused on tackling energy poverty and climate change.

Addressing climate change requires that we reduce carbon emissions to almost nothing as quickly as possible. The dominant economic and political interests are more concerned with promoting the status quo than doing what is necessary. Realising a new future where energy generation does not drive climate change or energy poverty must start with the people's movements not just demanding but being empowered to deliver the alternative, proving it is possible at a local level to roll out globally. What is needed is a transformation in the relations of social power as much as a technology revolution.

We believe that this is a practical agenda. There is a precedent in the global governance system for each of the elements above. By bringing them together, we believe we can start building towards people's real energy sovereignty – an energy system under democratic control and hence designed to serve everyone equally without imposing environmental costs on those downwind or downstream or on our children down the years. This is a vision for clean energy which contributes to people's desire to live well with each other and with the earth.



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Making life better for people by inspiring solutions to environmental problems

Friends of the Earth England, Wales and Northern Ireland
26-28 Underwood Street
London N1 7JQ
www.foe.co.uk
Tel: 020 7490 1555
Fax: 020 7490 0811

Formed in 1999, groundWork is recognised as the leading South African Environmental Justice NGO. For the past twelve years groundWork has worked mainly on industrial pollution issues with its focus being on providing support to communities faced with environmental threats, building community and supporting solidarity between communities. It supports communities by providing or brokering strategic and technical advice and information.

P.O. Box 2375 • 6 Raven Street
Pietermaritzburg 3200
Tel: +27 (0)33 342 5662
Fax: +27 (0)33 342 5665
team@groundwork.org.za
www.groundwork.org.za



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