

INTERNATIONAL RENEWABLE ENERGY AGENCY

Seventh session of the Assembly
Abu Dhabi, 14-15 January 2017

Note of the Director-General
Enabling the Private Sector to Accelerate Renewable Energy Deployment -
Corporate Sourcing of Renewables

1. Dramatic cost declines for renewable energy technologies have given companies an unprecedented opportunity to transform and decarbonise their energy supply. Businesses across the globe are realising that renewables offer a feasible means to not only power their operations sustainably and contribute to the social and environmental well-being of their communities and customers, but that renewable energy is cost competitive and that there is a clear business case supporting its deployment.

2. Increasingly, companies are therefore purchasing renewable energy to power and supply their operations. This includes sourcing of renewable energy to supply energy for offices, factories, vehicle fleets, or the supply chain, among others. There are various sourcing methods that are commonly referred to as corporate sourcing of renewables, including direct investments in a renewable energy system (on-site or off-site), the purchasing of renewable electricity offered by a utility, the procurement of certificates or (virtual) power purchase agreements (PPAs) with a utility or a third party.

3. As of today, 40% of the Fortune 500 companies have set sustainable energy targets and 51 businesses representing a market cap of USD 15 trillion have signed on to the [*Corporate Renewable Energy Buyers' Principles*](#) which define criteria that support companies in meeting their renewable energy purchasing goals. Over 81 leading corporations have become part of *RE100*, a global, collaborative initiative of businesses committed to using 100% renewable electricity.

4. This private sector demand is boosting overall investment in renewables, driving further cost-reductions and encouraging continued deployment, while also opening new opportunities for economic development by, for example, bolstering attractiveness for companies to invest in specific countries. In the US, corporate renewable energy deals have doubled every year since 2012, going up to over 3 GW at the end of 2015, and are expected to grow further to more than 60 GW by 2025. In other markets, the demand for corporate sourcing of renewable is also rising, including in Brazil, India, Mexico, Singapore and the United Kingdom. In many countries, corporate sourcing of renewables has become a rapidly increasing trend and corporations around the world have announced new commitments, as evidenced at COP22 in Marrakesh.

5. The global energy transition will require a substantial increase of the share of renewable energy in the global energy mix, as called for in the Paris Agreement and the Agenda 2030. Such growth is only possible by scaling up private sector involvement and private financing. IRENA's *Roadmap for a Renewable Energy Future 2030* estimates that investments of at least USD 770 billion per year until 2030 will be necessary. As of today, almost a tenth of all electricity used worldwide could be decarbonised if 1,000 of the world's largest businesses became 100% powered by renewable energy.

6. To further scale-up corporate procurement of renewable energy, challenges, including in the regulatory and policy field, will need to be overcome jointly by policy-makers and the private sector.

Objective of the session

7. The discussion will focus on the main drivers of corporate demand for cost-competitive renewable energy, its overall potential, and the enabling frameworks needed to support various forms of corporate sourcing. A special focus will be placed on best practices, experiences and lessons learned from corporations and governments to help identifying how to further facilitate corporate sourcing of renewables.

8. IRENA is pursuing this work as a contribution to the Clean Energy Ministerial's 'Corporate Sourcing of Renewables' campaign, and is working with private sector companies, industry associations and civil society through the IRENA Coalition for Action. In this context, IRENA has also launched work on an index on corporate sourcing of renewable energy. The 'REmade Index' will acknowledge companies that undertake additional efforts to source renewable energy and provide insights on enabling frameworks. Members are invited to take part in the discussions and provide comments on the development of this initiative.

Guiding questions

- What are current best practices and lessons learned from corporations and governments?
- What are supportive policies and enabling frameworks that can help facilitate additional deployment of renewable energy sources through private sector investments and specifically corporate sourcing of renewables?
- How can governments use corporate sourcing to further their economic and social objectives?