



Natural  
Resource  
Governance  
Institute

# JUST ENERGY TRANSITION PARTNERSHIPS (JETPs) FOR GAS-PRODUCING COUNTRIES?

## Key findings from NRGI working paper

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How JETPs could support just  
energy transition pathways in Africa

A Blue Zone event at COP27

13:30-14:30, Nov. 15, 2022

Climate Justice Pavilion

# KEY QUESTIONS

If partner countries choose to pursue gas-focused JETPs:

01



How could these achieve a fair balance of climate and development goals?

02



How could they support faster, fairer scale-up of renewable energy systems?

# Mismatched national and global goals



## National development objectives:

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- Expand energy access
- Meet fast-rising electricity demand
- Boost energy security
- Lower electricity costs
- Displace other, dirtier fuels in the domestic energy mix
- Balance the power grid as renewables grow
- Give more households clean cooking fuels
- Provide fuel for industrialization and economic diversification
- Export revenues for financing development

## Global climate objectives:

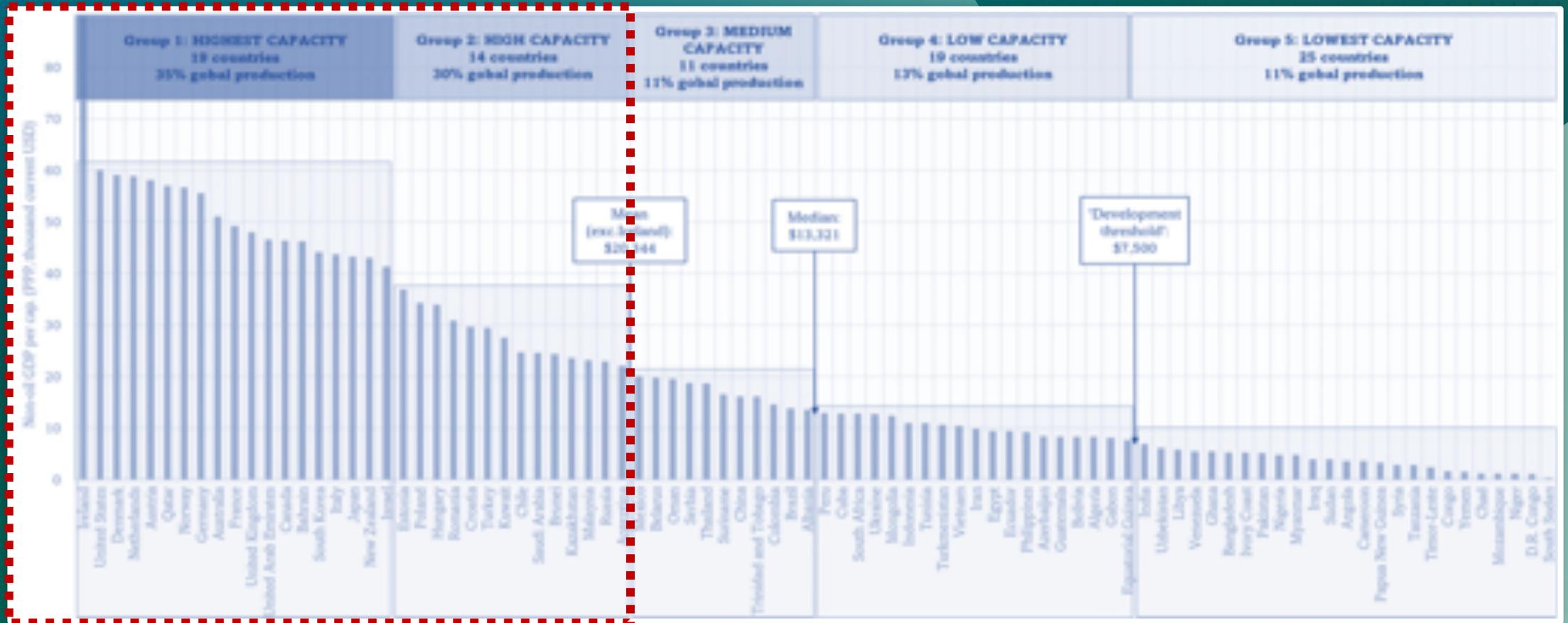
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- New gas extraction incompatible with a 1.5°C pathway
- The world must halve its gas consumption (and production) by 2050

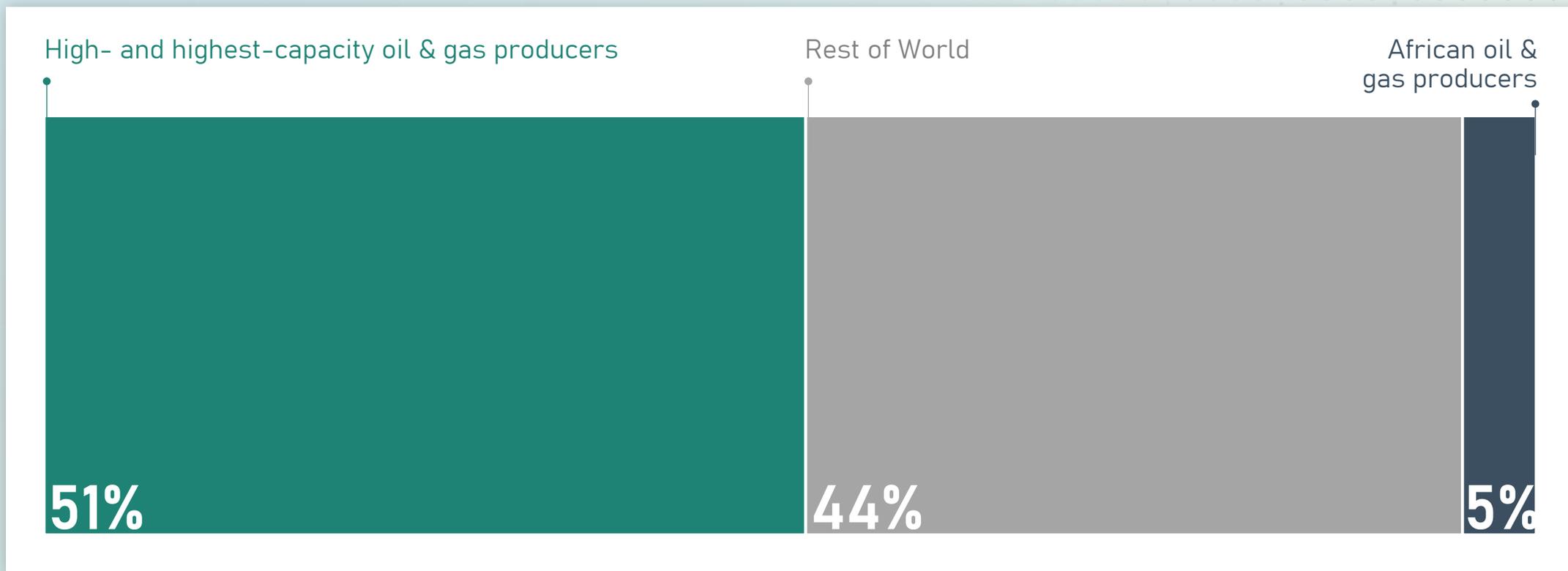
# A fair shares global phaseout

High- and highest-capacity producers = 65% of global production

*"We split the top 88 oil and gas producing countries into five groups according to the size of their economies excluding the contribution from oil and gas."*



# Historical emissions (1990–2019)



Source: Capacity classification from Calverley, D., and Anderson, K., 2022, [Phaseout Pathways for Fossil Fuel Production Within Paris-compliant Carbon Budgets](#), Tyndall Centre for Climate Change Research; emissions from [Climate Watch](#).

# RECOMMENDATIONS: Balancing climate & development



01

## Good practice for gas-producing host countries:

- Weigh the risks and tradeoffs of betting on gas
- Be transparent about the carbon costs of gas plans and proposals



02

## Good practice for international partner countries:

- Support visions of a sustainable energy future that depends less on gas and other fossil fuels. Don't insist on reducing current gas use or production as starting point
- Be upfront about how much demand and funding for lower-income country gas are actually on the table



03

## Good practice for all parties:

- Treat gas JETP negotiations as an opportunity to find common ground and address divisions on the question of gas in lower-income producer countries
- Be open to a limited program of support for domestic gas, if certain agreed principles are met

## Principles for gas-related support in JETPs:

01

The proposed use of gas is necessary to advance an urgent development goal, such as improving energy access

02

The proposed use is the only real option for furthering the goal because no viable non-gas alternative exists

03

The proposed use is a small part of the total energy sector plans and funding proposals that the producer puts forward

04

The proposed use is not obviously and grossly misaligned with Paris goals.

# THREADING THE GAS NEEDLE

## Some features of good domestic energy sector planning involving gas

- Detailed, evidence-based rationale for using gas as a fuel
- Credible gas supply and demand projections
- Comprehensive list of commissioned and planned gas projects
- Scenario-based modeling for how use of gas will change, including switch from baseload to other services and average plant capacity factors
- Credible narrative for phasing out fossil fuel use in different sectors, markets, areas
- Dates for infrastructure decommissioning/retirement
- Harmonization with other relevant economic or development plans

## Some good contracting practices for avoiding gas lock-in

- Flexible operating regime allowing the plant to run less over time
- Affordable, dynamic capacity payments
- Less risky alternatives to take-or-pay penalties
- Workable, enforceable provisions for renegotiation, refinancing, decommissioning and early retirement
- Published model and final contracts

Source: NREGI Gas-to-Power Framework, Module 1



# RECOMMENDATIONS: Fairer, faster, renewable energy scale-up



01

Good practice for gas-producing host countries:

- Prioritize domestic reforms that will help renewables grow more quickly.



02

Good practice for international partner countries:

- Be willing to help pay for things that profit-driven investors avoid.



03

Good practice for all parties:

- Work together to design a package of support that lowers investment risks, real and perceived.

## Tackling currency risk for renewable energy projects:

01

Develop more effective guarantees and other products for mitigating currency risk.

02

Make local banks more willing and able to lend in the local currency.

03

Support public grantmaking, lending and investment bodies in the producer country.

04

Help attract funding from local institutional investors such as pension funds, insurance companies and endowments.

# Some non-gas-based responses to renewables variability

Challenge	Possible response
Solar/wind generation regularly exceeds demand at parts of the day	<ul style="list-style-type: none"><li>- Try time-of-day tariffs, other demand management tools to shift demand</li><li>- Transmit and distribute power over larger areas, for example, through grid extensions or loops</li><li>- Determine whether storage is economical</li></ul>
Peak solar/wind generation does not correspond to peak demand, leaving a supply gap at peak times	<ul style="list-style-type: none"><li>- Use better weather and demand forecasting to identify the problem times</li><li>- If possible, dispatch more power from other sources at those times</li><li>- If solar and wind peak at different times, see whether they can help balance one another</li><li>- Explore storage options</li></ul>
Sunshine/wind speeds fluctuate rapidly, widely throughout the day	<ul style="list-style-type: none"><li>- Use better forecasting to anticipate changes in real-time</li><li>- Explore new reserve management techniques and storage options</li></ul>





# THANK YOU!

For more information, or for review  
copies of NRGi's working paper contact:

- Aaron Sayne / [asayne@resourcegovernance.org](mailto:asayne@resourcegovernance.org)
- Nafi Chinery / [nchinery@resourcegovernance.org](mailto:nchinery@resourcegovernance.org)