



Department
of Energy &
Climate Change

The Rt Hon Edward Davey MP
Secretary of State

Department of Energy & Climate Change
3 Whitehall Place
London
SW1A 2AW

Lord Browne of Madingley, FRS, FREng

REDACTED 40(2) & (3)

www.gov.uk/decc

Dear John

29 April 2013

Thank you very much for your letter of 20 March on China's role in international energy governance.

This is an important and timely issue – as you recognise, the world energy landscape is changing significantly as a consequence of the rise of the emerging economies, and it is critical that we give proper consideration to how the international energy organisational landscape needs to change with it.

As such, I very much welcome your agreement to co-chair the international energy governance project funded by the British Embassy in Beijing. This will play an important role in helping us to understand and work with China in ensuring the best outcome for all; and the project will unarguably be stronger for your support.

Our considerations of course need to be across the whole international energy organisational landscape, and we are undertaking work to look at this, but you are right to single out the International Energy Agency (IEA). With non-IEA members now responsible for more than 50% of global energy consumption, compared with 20% when the IEA was established in 1974, the organisation needs to deepen and extend its existing cooperation with non-member countries in order to remain as effective as possible – and we have played a leading role in pressing for this at the IEA.

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As a first step, we are supportive of the IEA's proposal to make seven key emerging economies, including China, Associate members. This would allow us to make relatively swift progress on co-operating on a range of priority energy security issues. The first round of consultations with the proposed Associate member countries has been on the whole positive, and while there will undoubtedly be twists and turns in the road ahead, I am more positive than not about the potential to make this initiative a success. We will continue to push for this.

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I also agree with you that we need to give careful consideration to how the G20 might effectively support improved international energy security co-operation, including the IEA's Association proposal. We have had initial contact with the Australians on this question in the context of their 2014 G20 Presidency priorities, and we will continue to weigh up what we think would be the best approach in light of progress with the IEA's Association initiative and the views of the proposed Associate member countries.

Thank you for your support on this very important issue – I wish you every success with your international energy governance project, and look forward to hearing about its final conclusions.

A handwritten signature in black ink, appearing to read "Edward Davey". The signature is written in a cursive style with a long horizontal stroke at the end.

EDWARD DAVEY



The Lord Browne of Madingley, FRS, FREng

The Rt Hon Ed Davey
Secretary of State for Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

20 March 2013

- 1 I have agreed to co-chair a joint project between China's Energy Research Institute and the Grantham Institute, Imperial College, on China's role in international energy governance. The project is funded by the British Embassy in Beijing.
- 2 Since the International Energy Agency was founded in 1973, the world energy landscape has been transformed by the emergence of major developing countries and especially of China which is now, on most measures, the largest and most dynamic player. I fully support the IEA's partnership initiative which seeks to develop a long-term relationship with developing countries, and I welcome the important role that the UK Government is playing in this. But I am convinced that there remains a major gap in global energy governance, which stands in the way of the progress that we need to make on the critical international challenges of energy security.
- 3 China is acutely aware of this problem. It is on the agenda of the incoming leadership, which has called for the G20 to engage on it. REDACTED-27
- 4 REDACTED-27
I urge you to seize the opportunity to discuss this with Australia, and to work with them and other major G20 players on this important agenda. REDACTED-27
- 5 I hope that you will give your personal authority to this important work.
- 6 I attach my previous exchange of letters on this subject with Ivan Rogers at the Cabinet Office. The recent Grantham/Chatham House report on the Reform of Global Energy Governance has explored the issues and the options for change in more detail, and I attach that too.
- 7 If I can provide any more information or be of any assistance in this area, please do let me know.

Please reply to:

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Ivan Rogers

Head of European and
Global Issues Secretariat

[DATE] 21 December 2013

Web www.cabinetoffice.gov.uk

The Lord Browne of Madingley, FRS, FReig

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Dear Lord Browne,

- 1 Thank you very much for your letter of 13 November regarding China's role in global energy governance.
- 2 We very much support the desire to ensure that China is able to play an active and constructive role in international energy work, and that it is – and feels – fully engaged with the key institutions which operate in this space.
- 3 We have made some good progress in this direction. We have been in the vanguard of efforts to enhance the standing and effectiveness of the International Energy Forum – the only international energy institution that can credibly claim to be globally representative – and worked hard to ensure China's engagement with this. We are extremely active supporters of the IEA's efforts to engage more deeply with China and other major emerging powers. We have welcomed G20 interest in energy issues, not least because of China's place at the table. And we engage with China in other international energy fora such as the Clean Energy Ministerial, International Partnership for Energy Efficiency Co-operation, Carbon Sequestration & Leadership Forum, and of course UNFCCC.
- 4 But we are well aware that we need to do more.

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The G20 should seek to make progress on existing energy commitments. REDACTED-27

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6 As the Prime Minister's Global Governance report to the G20 made clear, we are generally wary of developing new institutions or frameworks in what is already a crowded field, particularly where the diagnosis of the problem and solution is neither clear nor agreed. In terms of energy, while the current institutional architecture is complex (and each individual institution has its challenges and weaknesses), it does cover the key aspects of our international energy objectives; we have ongoing work to address shortcomings in individual institutions; and efforts to develop new structures risk getting bogged down in long and difficult negotiations on process to the detriment of real progress on substance. And of course there is no perfect solution, with some of the weaknesses of current organisations hard to avoid, being the flip side of their strength – e.g. the breadth of IEF's membership gives it greater legitimacy, but can make it less nimble.

7 In the light of this, we broadly share your views on next steps. We should continue to press for further development of existing energy institutions, particularly the IEA, to work more effectively with China and other key emerging powers; we should look to see if there are opportunities to use G8 to support this where useful, REDACTED - 27
(Indeed my team began discussion of potential energy aspects of our 2013 G8 presidency with fellow G8 members in Paris this week); and in all of this we should engage actively with China and others to understand their views and concerns, and work with them to better clarify where and how the international energy governance landscape can best be improved. Our funding of the UK/China global energy governance project reflects this desire, and I am very grateful to you for the role you are playing in it. Please do keep us updated as the work develops.

Yours Sincerely

IVAN ROGERS



The Lord Browne of Madingley, FRS, FReng

Mr Ivan Rogers
Adviser to the Prime Minister on Europe and Global Issues
10 Downing Street
London SW1A 2AA

13 November 2012

Dear Mr. Rogers,

1 I am writing in connection with an energy security project which I have recently agreed to co-chair. The project is a collaboration between China's Energy Research Institute (ERI) and the Grantham Institute at Imperial College, and will analyse the options available for enhancing China's participation in global energy governance. The project is supported by the British Embassy in Beijing, and I believe it could make an important contribution to forthcoming G8 and G20 discussions.

2 Since the IEA was founded in 1973, the world energy landscape has been transformed by the emergence of major developing countries and especially of China which is now, on most measures, the largest and most dynamic player. There is a serious deficit in global energy governance which now stands in the way of progress on critical questions of energy security, including emergency response mechanisms and climate change mitigation.

3 REDACTED-27- I am writing to suggest that we may be able to use our forthcoming Presidency of the G8 to make progress.

4 The Chinese government is acutely aware of this governance deficit. The problem is under active consideration in Beijing and will undoubtedly be on the agenda of the incoming leadership. REDACTED-27

- We need to seize this opportunity. Minister Zhang Guobao, Chair of China's National Energy Advisory Committee, has agreed to join me as co-chair. his participation will give this work real potential to deliver significant outcomes. China would like to see an initiative at the G20 level, a forum in which China enjoys full equality with other major players. China has made headline statements calling for a "new energy security concept" and for co-ordination within the framework of the G20 to bring "stability for the benefit of all".

Please reply to:

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9 China has good relations with the IEA secretariat and its technology network and is more closely involved with them than most IEA members. REDACTED-27
The IEA secretariat is informally exploring with China and other major developing countries proposals for an "Association Council" which would be a big step towards transforming the IEA into a more inclusive body. REDACTED-27

6 REDACTED-27

But we could use the UK's upcoming G8 presidency to work for a common approach on:

- Recognition of the global energy governance deficit and the need for change.
- Support for the IEA secretariat in their efforts to achieve a closer relationship with major developing countries and Russia.

x We could also work with Russia and China to see if it is possible to craft a realistic and useful G20 response to China's call for a G20 initiative on energy governance.

8 I would welcome your views on how we can make the best use of this opportunity to work with the Chinese on these important issues, as well as on the potential to make progress at the G8 and G20 levels.

9 The project team would be happy to provide a more detailed note on conclusions emerging from the China/UK governance project.

10 The embassy in Beijing has been strongly promoting this UK/China initiative (funded by their China Prosperity programme) and I am copying this letter to Sebastian Wood, as well as Simon Fraser at the Foreign and Commonwealth Office.

Yours sincerely