

National Interest Analysis [2017] ATNIA 24

with attachment on consultation

Framework Agreement on the establishment of the International Solar Alliance

(New Delhi, 18 July 2017)

[2017] ATNIF 28

NATIONAL INTEREST ANALYSIS: CATEGORY 1 TREATY
SUMMARY PAGE

Framework Agreement on the establishment of the International Solar Alliance (ISA)

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Nature and timing of proposed treaty action

1. The proposed treaty action is ratification of the *Framework Agreement on the establishment of the International Solar Alliance* (the Framework Agreement), which was opened for signature during the annual United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) in Marrakesh, Morocco on 15 November 2016.
2. Australia signed the Framework Agreement on 18 July 2017 in New Delhi, India. The proposed treaty action would be taken as soon as practicable following consideration by the Joint Standing Committee on Treaties (JSCOT) and the conclusion of the necessary domestic procedures.
3. The Framework Agreement will enter into force generally on the thirtieth day after the date of deposit of the fifteenth instrument of ratification, in accordance with Article XIII of the Framework Agreement. As of 24 August 2017, 36 countries had signed and eight had ratified the Framework Agreement.
4. If Australia ratifies the Framework Agreement prior to it entering into force generally, the treaty will enter into force for Australia at the time it enters into force generally. If Australia ratifies after the Framework Agreement has entered into force generally, it will enter into force for Australia on the thirtieth day after the date on which Australia deposits its instrument of ratification.
5. The Framework Agreement establishes the International Solar Alliance (ISA) (Article I). Membership to the ISA is open to those solar resource rich States which lie fully or partially between the Tropic of Cancer and the Tropic of Capricorn, which are members of the United Nations, and which have signed the Framework Agreement and have deposited an instrument of ratification, acceptance or approval (Article VII). There are 121 countries that fall within these geographic and institutional boundaries.

Overview and national interest summary

6. The ISA is a treaty level inter-governmental organisation whose membership will collectively address key common challenges to the scaling up of solar energy. The ISA aims to deepen cooperation on solar research and development, financing mechanisms, and diffusion of solar technologies amongst countries in the tropics.
7. The ISA, launched by India and France at COP21 in Paris in December 2015, is the first international inter-governmental organisation headquartered in India. The Framework Agreement was drawn up by India, in consultation with France. India is the depositary for the Framework Agreement.

8. The ISA is to be governed by an Assembly, on which each member is represented, to make decisions concerning the implementation of the Framework Agreement. The Assembly will meet annually at the Ministerial level at the seat of the ISA. The Assembly will make all decisions regarding the functioning of the ISA.
9. Australia has significant expertise in solar energy. Australia has made ground-breaking innovations in solar and energy storage technologies, remote electrification and innovative finance models. Ratification of the Framework Agreement would further promote Australia's international standing in the sector.
10. Joining the ISA would provide opportunities for Australian businesses and research institutions to expand their activities to the international stage and into other ISA member countries. It is expected many ISA projects will take place in the Indo-Pacific region, giving further support to Australia's engagement in the region.
11. The ISA aims to explore models for public-private partnership and encourage private sector investment for its projects. This would increase the ease of doing business and reduce the cost of projects for Australian businesses.
12. As an ISA Member, Australia would equally benefit from such mechanisms to facilitate deployment at scale and attract international investment into Australian projects.
13. Ratifying the Framework Agreement at an early stage will enable Australia to become a founding member and provide an opportunity to shape the ISA's forward direction. Australia would work with members to help ensure the ISA complements the work of other relevant international organisations and advocate for transparency in governance and a focus on outcomes.
14. ISA membership would strengthen constructive engagement, and political and economic cooperation with a range of like-minded partners. This includes the eight countries that have completed their ratification processes: India, Fiji, France, Mauritius, Nauru, Niger, Bangladesh and Tuvalu, and others that are likely to join in the future. Joining the ISA aligns with the Australian Government's commitment to the Paris Agreement.

Reasons for Australia to take the proposed treaty action

15. Ratification will highlight Australia's longstanding expertise in the solar and energy sectors. Australian industry and research bodies have demonstrated their world-class innovation in solar technology. The ISA could provide a useful mechanism to direct investments to our region while also promoting our domestic solar strengths.
16. Australia has a strong interest in solar energy and in addressing the challenges to the scaling up of solar energy. This is in line with Article I (Objective) of the Framework Agreement that the overall goal of the ISA is to 'address key common challenges to the scaling up of solar energy'. Australia has among the highest rates of household solar PV on a per capita basis in the world. At least 1.7 million households in Australia have solar PV systems and at least 17 per cent of households in Australia have installed solar panels.
17. Australia has a number of domestic policies to encourage additional generation of low emissions electricity, including Australia's Renewable Energy Target, support for research, development, demonstration and deployment of technology, through agencies such as the Australian Renewable Energy Agency, the Australian Research Council, the

Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the Clean Energy Finance Corporation.

18. The ISA initiatives in place to date align closely with Australia's experience, expertise and research in solar and mini-grids technologies. The ISA will facilitate Australian business, investment and research opportunities through international linkages and harmonisation of technologies and procedures in the region.
19. Australia has made ground-breaking innovations in solar and energy storage technologies, remote electrification and innovative finance models. Participation in initiatives to develop standardised financial instruments and risk management strategies for the deployment of solar technologies at scale across the ISA region could lead to significant business opportunities for Australia. As a member of the ISA, Australia will have an opportunity to share skills and expertise in solar energy technology integration, and assist in improving global capability in this area.
20. Australia's membership of the ISA will increase opportunities for research linkages and commercialisation of new technologies. Australia has numerous solar research institutions and programs underway which have the potential to complement the work of the ISA. This includes CSIRO, which has a strong solar energy research program and has been successful in commercialising its research with industry. Scientists at the Australian National University (ANU) have set a world record for efficiency for a solar thermal dish generating steam that could be used for power stations. There is also the work of the University of New South Wales which, through its School of Photovoltaic and Renewable Energy Engineering, is internationally renowned for developing Passivated Emitter and Rear Cell (PERC) solar cells with a world-record sunlight-to-electricity conversion rate. Australia also has significant experience in solar water pumping and off-grid electrification.
21. The ISA will facilitate collaboration between countries lying fully or partially between the Tropics of Cancer and Capricorn. In some of these countries, large sections of the population have little or no access to energy. This includes many of our neighbours in the Indo-Pacific region. Ratification of the Framework Agreement will enhance Australia's networks for the exchange, development and improvement of solar energy technologies and bring further international attention and solutions to the energy issues and challenges faced by communities in the Indo-Pacific region.
22. ISA membership will provide an opportunity for Australia to deepen our cooperation with key strategic partners, India and France, and reinforce our dialogue with other members of the ISA. Ratification will highlight our commitment to the Paris Agreement, including our support to help other countries achieve their Nationally Determined Contributions. The ISA can contribute to achieving the Paris Agreement goals, as it strives to promote solar technologies and investment, develop innovative finance mechanisms and support capacity building.

Obligations

23. The provisions of the Framework Agreement are set out in aspirational language and do not mandate members taking certain action.

24. The ISA has no membership or joining fee. The quantum and timing of any voluntary contribution is at the discretion of Members. The ISA aims to mobilise private sector funds in support of solar energy and/or establish public-private partnership models. Participation in any programmes and projects is on a voluntary basis.
25. Upon entry into force, the Framework Agreement will not establish new substantive legal obligations and Australia will therefore not require enacting implementing legislation. The provisions of the Framework Agreement relate principally to the structure of the ISA, including the establishment and operation of the Assembly (Article IV) and the Secretariat (Article V), rather than creating obligations on individual Members.
26. The Assembly, which is the supreme decision-making organ of the ISA, will consist of representation from each member, and will meet annually unless it decides otherwise (Article IV). Each member will have the right to participate in all of the decisions taken by the Assembly, including on the budget and work programme, and applications for membership.
27. Nominating a National Focal Point for the ISA is the only obligation for Australia under the Framework Agreement. The National Focal Point will act as Australia's correspondent with other ISA members.
28. Article X(3) provides that privileges and immunities 'may' be accorded to the ISA Secretariat, subject to the National Laws of each Member and 'and in accordance with a separate Agreement, if necessary'.
29. Any new funding or costs for the management of Australia's joining the ISA may be drawn from Australia's Overseas Development Assistance (ODA) contribution, subject to budgetary allocations and Government priorities.

Implementation

30. No new legislation is required to implement the obligations for Australia's participation in the ISA.
31. There will be no change to the existing roles of the Commonwealth Government or the State and Territory Governments as a result of Australia's ratification of the Framework Agreement and membership of the ISA.

Regulation Impact Statement

32. The Office of Best Practice Regulation has been consulted and has advised that a Regulation Impact Statement is not required.

Costs

33. Signing the Framework Agreement does not require a financial contribution from signing parties. The Government could consider supporting ISA projects as they arise through Australia's aid program or multilateral partnerships, in consultation with aid partner governments and multilateral partners and in line with their priorities.
34. Costs for any government staff required to travel to the Annual Assembly will be covered by their departmental funds.

Future treaty action

35. Article XI of the Framework Agreement provides that amendments to the Agreement may be proposed by any Member after expiry of one year from the commencement of the Framework Agreement. Amendments shall be adopted by the Assembly by two thirds majority of the Members present and voting.
36. Any amendments adopted by Members shall be subject to Australia's domestic treaty-making requirements.

Withdrawal or denunciation

37. Article XI provides that any member may withdraw from the Framework Agreement by providing three months notification to the Depository in advance. Withdrawal by Australia would be subject to domestic treaty-making requirements.

Contact details

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ATTACHMENT ON CONSULTATION

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CONSULTATION

38. Australian stakeholders have been made aware of Australia's agreement to join the ISA. They have been advised that a consultation process will take place to explore maximum opportunities and economic benefits for Australia.