

# Statute of the International Renewable Energy Agency

## Background

- 3.1 The International Renewable Energy Agency (IRENA) is a treaty level inter-governmental organisation that has been established to promote the widespread and increased adoption and sustainable use of all forms of renewable energy technologies.<sup>1</sup>
- 3.2 IRENA was officially established on 26 January 2009 and is at present in an interim preparatory phase. The Statute governing the Agency will enter into force on 8 July 2010, 30 days after the 25th ratification required for entry into force was received.<sup>2</sup>
- 3.3 The Prime Minister, the Hon Kevin Rudd MP, announced Australia's intention to join IRENA on 17 May 2009 and Australia signed the Statute on 29 June 2009.<sup>3</sup>

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1 Mr Brendan Morling, *Transcript of Evidence*, 15 March 2010, p. 1.

2 International Renewable Energy Agency (IRENA), IRENA's statute enters into force – 25<sup>th</sup> ratification completed, viewed 15 June 2010, <[http://www.irena.org/index.php?option=com\\_content&view=article&id=445:masdar-launches-concentrated-solar-power-plant&catid=57:news-2009-2010&Itemid=129](http://www.irena.org/index.php?option=com_content&view=article&id=445:masdar-launches-concentrated-solar-power-plant&catid=57:news-2009-2010&Itemid=129)>.

3 NIA, Consultation Attachment; NIA, para 1.

## Origins of IRENA

- 3.4 The German Government initiated IRENA through a series of bilateral discussions in January 2007. Germany then hosted a Preparatory Conference for the foundation of an International Renewable Energy Agency in April 2008, which was attended by 60 countries. A workshop was then held on 30 June and 1 July 2008 to develop IRENA's statute and possible institutional framework.<sup>4</sup>
- 3.5 The final intergovernmental Preparatory Conference for IRENA was held on 23-24 October 2008 in Madrid. Over 50 countries including Australia attended and the IRENA Statute was finalised.<sup>5</sup>
- 3.6 IRENA was officially established on 26 January 2009 in Bonn, Germany. Delegations from 125 countries, including Australia, attended the Founding Conference, and 75 nations signed the IRENA Statute.<sup>6</sup> At 15 June 2010, 144 countries have signed the Statute and 26 ratifications have been received.<sup>7</sup>
- 3.7 The Founding Conference established a Preparatory Commission and Administrative Committee to oversee the development of IRENA in the period until the Statute enters into force. The Preparatory Commission consists of all signatory members of IRENA and each meeting is chaired by the host nation. The Administrative Committee, chaired by Germany, is open to all members who are interested in participating.<sup>8</sup>
- 3.8 Three sessions of the Preparatory Commission have been held to date and a number of decisions taken, including:
- selection of an interim Director-General;
  - establishment of the Administrative Committee;
  - selection of interim headquarters in Abu Dhabi;
  - agreement that Bonn, Germany, will host and fund IRENA's centre of innovation and technology;

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4 Department of Resources, Energy and Tourism, *Submission No. 5*, p. 1.

5 Department of Resources, Energy and Tourism, *Submission No. 5*, p. 1.

6 Department of Resources, Energy and Tourism, *Submission No. 5*, p. 1.

7 International Renewable Energy Agency (IRENA) Signatories, 13 June 2010, viewed 15 June 2010, < [http://www.irena.org/downloads/Foundconf/Signatory\\_States\\_2010.pdf](http://www.irena.org/downloads/Foundconf/Signatory_States_2010.pdf)>.

8 Mr Rick Belt, *Transcript of Evidence*, 25 March 2010, p. 5.

- agreement that Vienna will be the agency's liaison office for cooperation with other organisations active in the field of renewable energy;
- agreement on the initial work program, financial regulations, staff regulations and budget; and
- agreement on the 2010 Work Program and budget.<sup>9</sup>

3.9 2010 will be IRENA's first full year of operation.<sup>10</sup>

## **IRENA's governance**

3.10 Once the Statute enters into force, IRENA will be governed by an Assembly and will act in accordance with the purposes and principles of the United Nations to promote peace and international cooperation, and in conformity with the policies of the United Nations to promote sustainable development. IRENA is not however currently affiliated with the United Nations.<sup>11</sup>

3.11 Membership is open to states that are members of the United Nations and to regional intergovernmental economic integration organisations, such as the European Commission.<sup>12</sup> IRENA's membership will be wider than the Organisation for Economic Co-operation and Development (OECD) and International Energy Agency (IEA).<sup>13</sup>

3.12 IRENA's Statute includes provisions relating primarily to the structure of IRENA, including establishment and operation of the Assembly, the Council and the Secretariat, rather than to the obligations of individual Members.<sup>14</sup> The Statute provides that the Assembly will consist of one representative of each Member and will meet annually unless it decides otherwise.<sup>15</sup>

3.13 The Council will be comprised of between 11 and 21 representatives, elected by the Assembly and will be responsible for facilitating

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9 Department of Resources, Energy and Tourism, *Submission No. 5*, pp. 1-2.

10 NIA, para 8.

11 Mr Brendan Morling, *Transcript of Evidence*, 15 March 2010, p. 1.

12 Mr Brendan Morling, *Transcript of Evidence*, 15 March 2010, p. 1.

13 NIA, para 9.

14 NIA, para 11.

15 NIA, para 12.

consultation and cooperation between Members, and developing and submitting the draft work program and annual report to the Members.<sup>16</sup>

- 3.14 Members will be obliged to pay a mandatory contribution towards the budget of IRENA, based on the scale of assessments of the United Nations.<sup>17</sup>

## **IRENA's activities**

- 3.15 It is intended that IRENA will be a centre of excellence for renewable energy technology and a significant mechanism for international engagement on this issue. The activities that will be undertaken by IRENA as outlined in Article IV of the Statute include:

- analysing, monitoring and systematising current renewable energy practices;
- initiating discussion and interaction with other government and non-government organisations and networks;
- providing relevant policy advice;
- promoting knowledge, technology transfer and the development of local capacity and competence;
- offering capacity building;
- advising on financing for renewable energy;
- stimulating and fostering research; and
- providing information about the development and deployment of national and international technical standards.<sup>18</sup>

- 3.16 The Committee heard that one of the aims of IRENA will be capacity building in developing countries. This includes both technical capacity and the policy frameworks to advance renewable energy.<sup>19</sup> Departmental representatives indicated that there is a high level of membership among developing countries, including Africa and Pacific nations, and that it is foreseen that IRENA will have a large capacity building role.<sup>20</sup>

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16 NIA, para 13.

17 NIA, para 14.

18 Article IV.

19 Mr Rick Belt, *Transcript of Evidence*, 15 March 2010, p. 3.

20 Mr Rick Belt, *Transcript of Evidence*, 15 March 2010, p. 3.

## Reasons to take treaty action

- 3.17 The Committee was informed that the objectives of IRENA align with the Government's commitments on climate change and the development of renewable energy. Ratification of the Statute will allow Australia to:
- further engage with the international community on renewable energy technology development and deployment issues;
  - take an active role in helping to develop the agency and its work plan; and
  - strengthen cooperative ties with countries both in and outside our region and move beyond Australia's traditional engagement with bodies such as the International Energy Agency.<sup>21</sup>
- 3.18 Specifically, the Committee was informed that early ratification would be advantageous because it would allow Australia to influence IRENA's work program. Australia has already been instrumental in the creation of a number of working groups to oversee the set-up of the organisation, including the necessary legal documents and governance arrangements, and implementation of the 2010 work program.<sup>22</sup>
- 3.19 Further, should Australia ratify before the Assembly comes into existence it will then be a full member rather than an observer at the first Assembly meeting, enabling it to vote if necessary on key issues at that first meeting.<sup>23</sup>
- 3.20 As noted above, IRENA's membership is likely to be wider than the OECD and IEA. The Department considered that this wider membership presents opportunities for greater information exchange and increased dialogue with a number of key countries on renewable energy policy, deployment and technology.<sup>24</sup> In particular, the membership of developing countries in the Asia-Pacific region is likely to enhance Australia's networks for the exchange, development and improvement of renewable energy technologies. It will also bring further international attention to the energy issues and challenges faced by the Asia-Pacific region.<sup>25</sup>

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21 Mr Brendan Morling, *Transcript of Evidence*, 15 March 2010, p. 2.

22 Mr Rick Belt, *Transcript of Evidence*, 15 March 2010, p. 9.

23 Mr Rick Belt, *Transcript of Evidence*, 15 March 2010, p. 10.

24 Mr Rick Belt, *Transcript of Evidence*, 15 March 2010, p. 9.

25 NIA, para 9.

- 3.21 The Committee heard that that Australia has a substantial domestic program and, consequently, experience that it can share with other countries.<sup>26</sup> Some current renewable energy projects include:
- the Australian Solar Institute, which is dedicated to furthering research and development in solar energy issues; and
  - a geothermal drilling program, which has provided funding to seven applicants to undertake drilling to get technology up to proof of concept stage.
- 3.22 The Government has also announced:
- a large-scale solar flagships program to improve its understanding of the operation of solar power on a large scale; and
  - renewable energy demonstration programs in geothermal drilling, wave power and an integrated project on King Island.<sup>27</sup>
- 3.23 Mr Rick Belt of the Department of Resources, Energy and Tourism told the Committee that Australia is considered a leader in areas such as solar photovoltaic technology. Further, many countries are interested in other Australian activities, such as hot rock geothermal, as well as policy frameworks, such as the renewable energy target policy.<sup>28</sup>

## Costs for Australia

- 3.24 The Committee notes that the budget of the agency will be financed by mandatory contributions, voluntary contributions and other possible sources in accordance with the financial rules adopted by the Assembly.<sup>29</sup>
- 3.25 Each Member State's contribution to IRENA will be calculated by dividing the agreed budget amongst the States that have signed the Statute in accordance with the UN scale of assessments. The Committee was informed that, as at 15 March 2010, Australia's contribution is 1.9 percent of IRENA's costs.<sup>30</sup>

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26 Mr Brendan Morling, *Transcript of Evidence*, 15 March 2010, p. 10.

27 Mr Brendan Morling, *Transcript of Evidence*, 15 March 2010, p. 2.

28 Mr Rick Belt, *Transcript of Evidence*, 15 March 2010, p. 10.

29 Article XII.

30 Mr Rick Belt, *Transcript of Evidence*, 15 March 2010, p. 7.

- 3.26 Australia's future membership contributions will depend upon factors such as work programs, budgets and membership level.<sup>31</sup> Funding for the contribution will be drawn from the budget of the Australian Centre for Renewable Energy.<sup>32</sup>
- 3.27 Australia has been asked to contribute US\$336,120 (approx AUD\$370,000) towards IRENA's 2010 workplan upon ratification. Departmental representatives pointed out that all contributions made during the interim phase are voluntary. Contributions will not become mandatory until the Statute enters into force.<sup>33</sup>
- 3.28 The Committee notes that a number of countries have made voluntary contributions to date and that IRENA has an opening reserve of \$5.4 million, funded by voluntary contributions from Austria, Denmark, Germany, France, India, Spain and the United Arab Emirates. The United Arab Emirates, Germany and Austria will provide further voluntary assistance through supporting the operation of facilities in these countries.<sup>34</sup>
- 3.29 In evidence, the Department informed the Committee that Australia has:  
not proposed or entertained the idea of making a contribution other than a mandatory contribution....<sup>35</sup>
- 3.30 In addition to Australia's membership, the Committee understands that approximately \$250,000 has been budgeted per annum to meet staff and associated administrative costs associated with supporting Australia's membership of IRENA.<sup>36</sup>

## Conclusion and recommendation

- 3.31 The Committee acknowledges that there are a number of advantages to be gained from greater Australian engagement with the international community on renewable energy issues. IRENA, with its broad membership base and focus upon renewable energy, appears to be a useful mechanism to achieve this engagement. The Committee recognises also that it would be useful to ratify the Agency's Statute at an early date to

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31 Department of Resources, Energy and Tourism, *Submission No. 5*, p. 4.

32 Department of Resources, Energy and Tourism, *Submission No. 5*, p. 3.

33 Mr Rick Belt, *Transcript of Evidence*, 15 March 2010, p. 7.

34 Department of Resources, Energy and Tourism, *Submission No. 5*, p. 3.

35 Mr Rick Belt, *Transcript of Evidence*, 15 March 2010, pp. 7-8.

36 Department of Resources, Energy and Tourism, *Submission No. 5*, p. 4.

maximise opportunities to provide input into the workplan and governance of IRENA. The Committee therefore supports binding treaty action being taken.

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**Recommendation 2**

**The Committee supports the *Statute of the International Renewable Energy Agency* and recommends binding treaty action be taken.**