



Colombia towards a fossil fuel-free future



PARLIAMENTARIANS FOR
A FOSSIL-FREE FUTURE

Report
Colombia towards a fossil fuel-free future

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INTRODUCTION

This report was created within the framework of the *Parliamentarians' network for a fossil fuel free future*. This network, including more than 900 parliamentarians from 85 countries, has decided to inquire into the progress, both national and global, of fossil fuels phaseout, as they are, according to the Intergovernmental Panel on Climate Change (IPCC), responsible for more than 80% of the historic emissions of Greenhouse Effect Gases (GHG). This phaseout must be a global response to the climate emergency, and is needed to meet the goal of keeping temperature under 1.5°C. In Colombia, a group of eight members of congress from five different parties has led this research as a common cause. Its purpose is to show the country's trajectory to attain a future less dependent on coal, oil, and gas.

The planet requires each country to make significant efforts in transforming its economy to increasingly depend less on fossil fuels. Colombia's commitments to decreasing its emissions must include an energy transition plan that is aligned with its fair share of this global challenge. This report has been called *Colombia hacia un futuro libre de combustibles fósiles (Colombia towards a fossil fuel free future)* and provides key data that should be analyzed considering the climate emergency, but also considering the country's social and economic context.

This report has been written with a high-level technical support team that guided the members of congress by providing key elements for the research. In addition, experts participated in a public event held in Congress, where they presented the most relevant data to understand Colombia's progress, but also identify future strategic actions.

In this context, the report's structure offers a view of Colombia's current energy transition and climate commitments status, as well as the three strategic topics that allow for the planned phase-out process to be effective, fast, with larger positive impacts and suitable to the country's possibilities.

The report will be published within the framework of COP 28, the Summit for negotiations on climate action, that shall take place in December 2023 in Dubai. It will be presented during the Global Parliamentarians' Network's research's last public audience, and will be included as one of the main findings proposed for inclusion in the Global Stocktake.

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CONTRIBUTIONS AND KEY MESSAGES

Colombia's road map towards a fossil fuel free future must include at least two transitions: energy and economic. The global climate crisis, as well as the planet's imminent transition towards different energy sources from oil, gas, and coal, requires the legislative and executive branches' immediate support, private parties' willingness to adopt new business models, and inclusion and openness of communities to implement the energy transition. For Colombia to be a leader in energy transitions in an international scenario, from the current administration and for the next 25 years, policies in Colombia need to be adopted. Colombia is also in a position to lead a Global South countries' alliance, particularly in Latin American countries, to structure an equitable financial support system for the transitions and to avoid raising the planet's average temperature over 1.5°C.

Colombia's economic dependence on oil and coal exports should take an urgent turn, pointing towards a diversified economy: In line with projected global demand reductions of these energy sources, Colombia could lose from 45% to 70% of its coal exports, and from 20% to 45% of oil exports between 2030 and 2035. There are no current substitutes for these exports; the national economy thus faces the huge challenge of offering, within a decade, the conditions required for the creation of new markets compatible with the ODS and the Paris Agreement's agendas around sustainable products and services that must amount to at least more than GDP's COP\$50 billion annually, and at least 200,000 direct local jobs. These new activities must amount to approximately USD 19 thousand million annual exports and also guarantee foreign investment of at least USD 1800 million annually (WWF, 2023).

Colombia's energy matrix is highly dependent on fossil fuels. Although the electricity mix is labelled as "clean" and tends to expand to renewable sources, the most optimistic official projections show that the country is far from being able to move to an economy that does not heavily rely on fossil fuels. According to JET's projections (2023), in the most ambitious scenario, by 2052 coal consumption would be reduced to zero, but gas and oil consumption will still be prevalent (5% and 20% of the energy matrix, respectively). To be completely independent from fossil fuels, the most consuming

sectors – transport and industry – should be prioritized in a gradual and fair decrease in their consumption.

Colombia has the opportunity to enable a massive entry of renewables, with an expected participation of nearly 100% of clean sources in its electrical power matrix. A newly installed additional capacity of between 10 GW and 27 GW from renewable technologies is projected by 2030, mainly in solar and wind energy, together with new regulation and new technologies that help strengthen the electrical power network's stability, displacing coal and gas generation. The implementation of this infrastructure will only be possible if the processes include communities living in the affected areas, creating a horizontal dialogue between the State, society, and the private sector. This will ensure these strategic projects may be successfully implemented while guaranteeing social and environmental safeguards.

Reducing dependency on fossil fuels entails using different energy strategies: Planning the electrification of large part of consuming sectors should also be aligned with increased energy efficiency and the use of diverse local sources (wood energy, biogas, thermic solar energy, hydroelectric central peaks, among others). The combination of large projects and potential energy use governed by communities in local territories is strategic due to its complementarity and productive value chain enablement.

Given it is the sector that consumes most fossil fuels, the energy transition in transport is a priority. Transformation must be fast in a scenario that, in addition to limitations related to emissions, shows depletion of hydrocarbon resources. Approximately 90% of available gasoline is consumed by vehicles and 90% of available diesel by freight transport. Significant energy savings can be achieved in the present and future with a combination of measures that discourage the private vehicle model (fossil or electric) and promote electric massive transport and active mobility. Likewise, the electrification of freight transport is essential, as well as substituting it for new more efficient modes of transport, such as trains and fluvial.

Public policies must be oriented towards a mid-term phase-out of fossil gas. Although it is evident that this energy source will be part of the energy matrix for a few more years, it is crucial that public policies promote its gradual phase-out, beginning with electrical power generation and residential sectors where technically and financially feasible alternatives already exist. Likewise, Colombia must avoid risking financial stability through Ecopetrol's investments in the expansion of the gas frontier towards Colombia's Caribbean Sea. Doing this would require annual investments of between COP \$6 and \$7 billion, as well as infrastructure investments estimated at around COP \$28 billion for the connection of gas pipes from the ocean. The promotion of policies incentivizing this fossil fuel's phase-out should be prioritized over financial interests that advocate for its permanence in the future.

Within the framework of the common but differentiated responsibilities principle, Colombia's climate commitments are not compatible with science's call of keeping global temperature below 1.5 provided for by the Paris Agreement. The country's NDC is far from ambitious, lacking significant restrictions on fossil fuel demand and supply. Although oil and carbon exports are not part of national greenhouse gases accounting, given it is one of the most vulnerable countries in terms of climate crisis, it is essential to start building new economic paths where preservation of nature is prioritized as both a mitigation and adaptation measure. In light of the financial risk of new oil and gas projects become stagnated assets, this investment must be diverted to sectors aligned with decarbonization goals.

The Colombian State must continue programs aimed at the gradual elimination of the fossil sector's subsidies and incentives, protecting vulnerable populations from this exploitation's possible adverse effects, and avoiding social unease. Only in 2022, approximately USD \$34 billion were spent – explicitly and implicitly – subsidizing the production and consumption of fossil fuels, primarily diesel and gasoline. These subsidies should not only be decreased gradually to avoid abruptly hurting consumers and over-stimulating inflation, but also be reinvested in economic sectors committed to increasing energy efficiency, pursuing an electrical power transformation process, and using renewable energy sources.

Adoption of NDC, ODS and fair energy transition agendas, also requires institutional, comprehensive, and continuous follow-up by the executive and legislative branches. According to Article 7 of Law 1931 of 2018 "Law of climate change", the Ministries included in SISCLIMA are responsible for the implementation follow-up of each sector's Climate Change Comprehensive Management Plan (CCCMP); pursuant to Law 1715 of 2014's Article 45, a mechanism was created for the national government's periodic follow-up of this Law's implementation progress. There is therefore a need to use the mechanisms created by this Law to further the comprehensive follow-up of actions taken towards complying with the Paris Agreement and the energy transition, in a way that guarantees their effective adoption. When needed, recommendations should be made on actions adopted and made amends when required by scientists in reports to the Intergovernmental Panel on Climate Change (IPCC) and other international agreements.

Colombia should undertake a rigorous analysis of its energy and economic transition's costs and develop a short-, mid-, and long-term fiscal strategy focused on brokering local and foreign investment opportunities, and cost-effectively channeling government expenditure towards climate change adaptation and mitigation programs, and sustainable or non-emitting economic activities. Colombia has a reduced fiscal space for the investment needed for an effective energy and economic transition, estimated between 5-8% of its annual GDP. Debt-for-environment swaps, international cooperation, and multilateral financial solutions should be pursued to enable these transformations. The role of the private sector should not be understated, and financing alternatives that do not represent additional public debt must be insisted upon and supported by different voices and groups of countries, or in treaties promoting a fossil fuels' planned phase-out.

Expansion of the hydrocarbon extractive frontier in the Amazon must be stopped and opening the door for so-called "minerals for transition" must be avoided. To articulate the two largest mitigation challenges faced by the country (deforestation and fossil extraction), it is essential to promote a Law transforming the region into a non-proliferation of fossil fuels area, and also create the conditions for the elements for the effective dismantling of the existing exploitation infrastructure, including plans to address historical impacts on territories and communities from an environmental justice perspective.

A LONG TERM COMMITMENT



Concerned for a common cause, the undersigning members of congress commit ourselves to a collaborative work with all relevant actors in society to imagine together a future less dependent on fossil fuels.



We hope this multiparty effort sparks national and transnational discussions and consolidates a leading force in the legislative branch, for the sake of the energy transition and Colombia's future.

SIGNATORIES WHO SIGNED:

Hon. María del Mar
Pizarro García

Hon. Daniel
Carvalho Mejía

Hon. Duvalier
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Hon. Andrés
Cancimance López

Hon. Martha
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Hon. Juan Carlos
Lozada Vargas



a collaborative
work **with all relevant
actors in society** to
imagine together a
future **less dependent
on fossil fuels.**





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