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During his participation in the panel discussion “Energy's Clean Transition” at the annual World Economic Forum meeting in Davos

Ignacio Galán advocates energy decarbonisation in a scenario of increasing global demand.

- **CO₂ emissions must be reduced by at least 50% in the next 25 years to counter climate change in time, particularly since energy consumption is set to rise by around 45% over the period**
- **Increased energy efficiency and a substantial change in the energy mix, with a higher contribution of low carbon sources, will be necessary in order to meet the aims of the Paris Agreement of reducing emissions while still meeting supply needs**
- **The solution involves investing in more clean energy, more storage capacity, and more and smarter distribution networks**
- **Over the next 25 years, the electricity industry will require 19 trillion dollar investments, and the capital will only be drawn if a suitable energy process is planned and stable, predictable and sufficient regulatory frameworks are defined**

The Chairman of Iberdrola, Ignacio Galán, took part today in the *Energy's Clean Transition* panel discussion at the World Economic Forum in Davos-Klosters (Switzerland). Also on the panel were Christiana Figueres from Mission 2020, Total CEO Patrick Poyanné, Rusal CEO Oleg Deripaska, and the Chinese National Energy Administration Director, Nur Bekri.



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Galán argued that the decarbonisation of the energy sector is essential for meeting the Paris Agreement targets, since two thirds of greenhouse gas emissions are energy-related.

Iberdrola Chairman described a scenario for the coming decades that will be characterised by the need to cut emissions by almost half in just 25 years to contain climate change, while meeting the demand for energy which is set to rise by almost 45% if current trends continue.

“To solve this equation, we will need a huge energy transformation that can increase efficiency and substantially alter the energy mix with a higher contribution of low carbon sources,” he explained.

Electricity generation, which is currently responsible for around 33% of global emissions (almost half of all energy emissions) can contribute more to decarbonisation than any other energy source or industry thanks to renewable energies, he said.

In a scenario in which there is total compliance with the Paris Agreement, electricity will account for over two thirds of the growth of energy demand over the next 25 years, yet out of every three tonnes of CO₂ reductions the electricity sector will contribute two.

In other words, “meeting the emissions targets will only be possible by massively electrifying the economy, through more clean energies, especially hydroelectric, wind and solar power; more storage capacity, given the natural unpredictability of most renewable technologies; and more and smarter distribution networks, to transmit and distribute electricity while still allowing consumers to play an active role,” he explained.

The investments required by the electricity sector over the next 25 years will total 19 trillion dollars, nearly twice the amount thus far invested. “There is only one way to attract this huge amount of capital: to create an adequate energy planning process and to define stable, predictable and sufficient regulatory frameworks,” he concluded.



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Iberdrola's contribution to emissions reduction

On Iberdrola's contribution to the fight against climate change, Ignacio Galán noted that Iberdrola anticipated this energy transition 20 years ago and, since 2000, the company has invested 100 billion dollars in renewable energies, networks and pumped-storage hydroelectric power.

He also emphasised Iberdrola's position as a world leader in wind power and the reduction of its European emissions by 75% since 2000, well below the European average.

"But we want to go further, and we have set as our goal reducing the intensity of our emissions by 50% by 2030," from 2007 levels, declared Galán.

The Chairman of Iberdrola explained that the company "has shown that decarbonisation and profitability are fully compatible: our asset base has multiplied by five and our results and dividends by three."

A commitment to society through responsible capitalism

In a world that is driven ever more quickly towards globalisation, and after 2016 demonstrated a widespread – and legitimate – rejection around the globe of the inequalities that this is bringing, Iberdrola is committed to building economic and social growth for all. Its way of adapting to globalisation is based on fairness and a way of doing business centered in the values of honesty, effort and responsibility.

The company believes that it is the responsibility of corporations to materialize the concept of inclusive capitalism, which puts people at the core of decision making, with the aim of fostering confidence, creating jobs and, more generally, ensuring the well-being of citizens, without regard to any given organization's ability to deploy considerable amounts of capital, because it is the sum of the investments made by numerous firms that makes a significant impact.



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The company advocates a business community that ensures that the most economically vulnerable members of society continue to maintain ongoing access to energy.

Iberdrola supports the communities in which it operates with annual investments of €4 billion and annual purchases from suppliers exceeding €5.4 billion, as well as contributing €5.5 billion annually to the public coffers through payment of taxes.

