



Cleaning Up

LEADERSHIP IN AN AGE OF
CLIMATE CHANGE

Cleaning Up
Episode 37
Teresa Ribera

Michael Liebreich:

Before we get started, please remember to like or subscribe to this video or podcast. It really helps others to find Cleaning Up. Cleaning Up is brought to you by the Liebreich Foundation and the Gilardini Foundation. Hello, my name is Michael Liebreich, and this is Cleaning Up. My guest today is Teresa Ribera. She's the Minister for the Ecological Transition and the Demographic Challenge, and also a Deputy Prime Minister in the administration of Prime Minister Pedro Sánchez in Spain. Between 2008 and 2011, she was Secretary of State for Biodiversity and Climate Change in the second administration of Prime Minister José Luis Zapatero. Please welcome to Cleaning Up, Minister Teresa Ribera. Minister, Teresa, welcome to Cleaning Up.

Teresa Ribera:

Hello, thank you. Happy to be here.

ML:

It's wonderful to see you. I have been trying to remember when we last... I'm not sure when I last actually saw you and spoke to you in person. It may have been, shamefully, it may have been before the Paris Agreements.

TR:

Wow. Is that true? We haven't met since those moments. That's quite incredible. I can't believe this, Michael.

ML:

So, we've been on calls. There was the IEA energy efficiency work. And we've certainly been on Zoom calls, and we've had emails and so on, but actually, in terms of sitting, you know, across a table or interacting, it's been much too long in any case, that's for sure.

TR:

So, we have to correct this mistake as soon as possible, I hope?

ML:

Well, let's hope that the pandemic allows us to rectify that. Perhaps COP26 would be a good time at the very latest. Maybe at COP26 we'll be able to do that in person catch up. Let me start, you know, things are moving incredibly fast. What are you actually working on? What is taking time at the moment, as we speak?

TR:

Well, we are trying to combine different transitions. Of course, the most important and visible one is the energy transition within our system, which is quite fascinating... because I think that this means a full industrial conversion of the energy system, full of innovative approaches and many people, and many business innovation ideas come in around. And I think that this deserves full attention of regulators and policy deciders. So, to be sure that things fit reasonably well, because we cannot face a kind of failure in this transformation. I think that people need to experience that things work for the good. And this is quite a challenge very interesting and very, also, demanding in terms of renewable energy: How to fix the phase-out of coal with no damage for the people, the workers, the communities. How to combine the new challenges in storage or hydrogen, something you also pay attention to. And the grids, smart grids, how it works, what are the challenges, so many things, the auction system to allow people to benefit from a lower cost of electricity as soon as possible to it and provide an industrial chain, some signout on - how they can expect and when they can expect demand by the investors in electricity and renewable energy solutions. But at the same time, it's true that we also need to think what we could introduce as the adaptation challenges. So, what does this mean for nature? What does it mean for water? What does this mean for soil? What does this mean for the people, and the cities, and how we can provide good understanding of things that can work at the local level. So many, many interesting and thrilling initiatives in a very complicated moment, but people understand that things are changing, and we need to be humble. We have experienced that need through the pandemics, that I guess that's also a small side for what a climate crisis could mean.

ML:

Your title, though, it's not just energy or transition. You've got the Ecological Transition and the Demographic Challenge. So, two questions in one, what is the demographic challenge? And also, how does that kind of architecture of government work in Spain? Because that's quite a different role than in other countries, where it would be energy, maybe climate, maybe... And then I'm not sure what, you know... if you explain what the demographic challenge, that might not even be recognized in many countries.

TR:

Now, I think that this is a very interesting question that many people have been asking about, because it can mean many things. In fact, what we want to stress is that there are imbalances that have been growing up along decades. So, the wealth, the richness, is focused and concentrated in some metropolitan areas. And there are wider spaces in the interior of Spain that get depopulated and get older and older along the years, without real opportunities of doing things differently from agriculture or other primary sector activities. And losing the <inaudible> in many cases, with no expectations, while we can reverse these tendencies in a

way that ensures a much more consistent response for nature based solutions for innovation and business opportunities, if we provide connectivity and the full use of the opportunities provided by the digitalization and so on. So, to certain extent it's another type of balance we need to build. So it's not just winning the battles that we have witnessed in terms of the climate battle, the climate fight, it's reconciling with nature, but it is also reconciling with a much more, how to say, equal and balanced approach with this geographical understanding of the opportunities, social and territorial cohesion.

ML:

Okay, so it's not just generically that the population gets older, it is actually a regional question. I mean, it's about urbanization and it's about the movement of people away from the rural areas.

TR:

It's more under this perspective than the other one. But it's true that that was quite impacting when I got this responsibility last year. I started to receive thousands of letters or messages. So, associations of families willing to have additional support for having more kids. Associations of geriatrics, thinking how to invest and improve the care of the elder, associations of... I mean, thousands of rural associations, so understanding that there were opportunities that were being missed, and willing to reconcile this aspect... yes, full of approaches, but <inaudible> stress this idea of territorial cohesion, and a much more broader understanding of the environmental opportunities in this in this transition.

ML:

Also, you're very lucky you didn't also receive a letter from me at that point, because I have an initiative that your remarks have spurred me to think about the connection called 'Moving Mountains' that I've been working for the last 10 years on the sustainability in mountain communities, which of course in Spain, you've got many, you know. You've got the communities in the north and the north..., I suppose, right across the mountain range, right, everywhere.

TR:

I love... I don't yet know what you are going to propose. But I like the idea. Well, sometimes... Mountains, living in mountains is part of my task.

ML:

Very good. Well, we will definitely hook up on that because the 'Moving Mountains' was about the sustainability of mountain communities. And we framed it as mountain communities because it's not just environmental sustainability, it also has to be social and economic

sustainability. And I'm pretty sure that your mountain communities have got the same problems as right across the Alps, the Andes, the Rockies, the Himalayas, all of them, the young people go away, the environment is very fragile. The tax base disappears, the agriculture becomes uneconomic compared to industrial agriculture. These are all the same issues, right?

TR:

That's the spirit. So, we share this task too.

ML:

Ok, so we will come back next time and we'll create a Spanish Chapter, maybe, of 'Moving Mountains', that'd be a good thing to do. But you have also... the second part of my question, that in terms of the structure with respect to the energy sector, the transport sector, I mean, do all these ministers report to you or are you having to sort of ask them for favors to get the transition done?

TR:

No, I think that the coordination work is going very well. I think that the message of some Vice Prime Ministers working on ensuring how everything needs to be consistent, explains why there is a Vice Prime Minister working on the social aspects, a Vice Prime Minister working on the economic aspects, and the Vice Prime Minister working on the environmental aspects, which is me. And then all the ministries working in a team trying to ensure that things go smoothly and well. I mean, of course, we may have some internal disputes on how fast and how far we go in mobility or urban planning or agriculture or whatever, but with the same type of spirit and targets. And it goes reasonably well.

ML:

Because your official title is that you are you are in charge...

TR:

Long title.

ML:

It's a long title, the Ecological Transition and the Demographics. But you are also the fourth, I believe, the fourth Deputy Prime Minister, and I'm not sure what, you know, it conjures images of the third and the second, and I don't know how many. But it is an important coordinating role, is what you're saying. And it's not just an honorific title, it actually means that you coordinate across your issues into the other ministries, is that correct?

TR:

That's it. So, trying to ensure that when we talk about innovation policies, or science and research or agriculture, or the Arctic and the oceans, and fisheries and mining is also my portfolio. So that's on the energy side. But I mean, everything is reasonably consistent. So, to ensure that there are no strange things happening around. And of course, as in any other big team, there may be small things that do not perfectly go well, but in general terms, it goes very, very smoothly, and it goes very well. And I think it is quite an inspiring exercise, because when we talk about labor opportunities, reskilling people, we need to think of the type of society, and the type of economy, and the type of challenges that the business community is really having. So, we need to think in ecological terms too. And when we think about innovation, what is happening in the world in terms of research and innovation, in the technology solutions, research and innovation in basic observation and basic science, it relates back to some ecological challenge. So, it's the type of work we all experience in our normal social relations. We work in networks and we understand that things feed in, a type of ecosystem. It's not just you on your own in an isolated manner, taking decisions that solve whatever you've got in front of you. You need to understand that to combine with the approach and the focus coming from others to have a much more real understanding of what is important and how we can make the difference.

ML:

I'm absolutely fascinated, because, I mean, what we're talking about is complexity and systems. This is systems thinking. And so, you know, government has had its siloed departments, which kind of worked, you know, well in certain circumstances, but it tends to fail on these big cross-departmental or systemic challenges. And then we have different countries trying to approach that in different ways. So, you see Jacinda Ardern in New Zealand trying to come at it one way; with looking at changing the metric away from just GDP to look at these kind of larger metrics. In the UK, my sense is we've sort of tried to change... we've moved a bunch of ministerial chips around. So, we had the DECC, then we had BEIS. Now, apparently, we don't have an industrial strategy. And it doesn't... but there's also a big move here in the UK to try to integrate systems thinking, however it's done. Because I suspect it won't be just done by renaming some ministries or maybe moving one piece from one ministry to another ministry, we've got to get that cross-ministry coordination improved, haven't we?

TR:

I think that we have been educated in a way that we tend to think in a silo way, and we are learning that this doesn't work, that reality is much more complex. So, it demands a personal commitment to ensure that the systemic thinking happens at all the different levels of the administration, and that these relations with your colleagues go smoothly. So, to understand why they may have some concerns from this point or on this other point. But for instance, talking about mobility, mobility infrastructure is industrial chain is energy systems. It's

innovation... So what this means is public service or mass, mass transportation, how this fits together, you need at least four or five ministers working together. And it's a challenge, but we need to succeed. And it happens a little bit everywhere. What about green finance? Of course, we need the finance industry moving to a shift on what it is value, and what it is risk, and a different understanding on how they can retrofit traditional instruments or create new instruments. And this is people working on finance, people understanding the green challenges. So, I think, it is also quite inspiring because it's not boring at all. You need to combine different knowledges and different features and characters and be very humble, to pay attention to all the good ideas, and all the good things that are happening around but also being aware of the risk, you don't want to be confronted too.

ML:

No, it's definitely a different era, because almost everything is connected to everything within this net-zero and ecological transformation that you talk about. There is almost no government department where you can say right now you just go off and do your thing, here's your metric, goodbye. It just doesn't exist at all. In many ways it probably is reminiscent of a wartime challenge where every single piece of the system actually is going to experience change. If it's not leading change, it's going to experience a change. And there are terrible trade-offs, aren't there, because we've seen, you know, in France, we saw the yellow vests. In the UK, we didn't go as far as the yellow vests, but we have got trade-offs in terms of the levelling up agenda, where you're trying, like yourself, to ensure that no regions are left behind in this transformation. And some of those trade-offs are very difficult. You've dealt with a few very early in your time back in government, correct?

TR:

Yes, well, something I brought as a kind of previous experience is that the human factor is not so rational. So, we need to pay attention to the emotions and feelings. And this means that the social dimension is always very important if we want to go into a very deep transformation in a very short time. And of course, the phase out of coal is quite a good example of that, or the yellow vests is connected to that. You say yes, it is very rationality to facilitate I don't know what type of taxation or whatever. But who is going to get the impact? And how strong is that person or that community to be able to digest that impact. And if you don't think about this potential spillover effect, you may face a situation that is not manageable anymore. So, I think that these type of things are very important. And sometimes you don't realize till the moment it is very late. But it is very important to try to anticipate as much as possible, and to think what are the type of social responses that can facilitate, and smooth this transformation, this change. In the phase-out of coal, I think that there were a couple of things that were very, very important. The first of them being we need to pay a kind of tribute to towns, communities, that for decades, have been providing welfare to our economies and to our societies. So, it was the

grandparents, the parents, the sons working in mining, and they were very proud, and they are the origin of the union, so solidarity among workers. So, there were many things that were very important for them and you cannot just say, hey, sorry, this is not your time anymore. Bye, bye. No, I think that it is important to pay a tribute to these memories, and at the same time to invest in the creation of opportunities in those areas. So, to avoid that people face... I cannot have any type of expectation to make my living in my small village and I need to move away and that is terrible for a family. So how we can invest, how we can facilitate this transformation. And as I said, this is not just macroeconomics, this is not just because the market is going to solve, this is not just because the technology is easier and cheaper, whatever. It is the social dimension, the human factor, we need to pay attention to since the very first moment when we try to start to move things forward. This happens in the case of Spain, this is also something to pay attention to when talking about water, for instance. Water is a scarce good, with very important environmental implications, but also very important development and comfort implications. So, the state, the good-est state, the healthiest state of water is important in terms of how much and how good, but also the allocation of whatever it exists on how we can provide additional resources is very important. The decision-making around water is also key and needs to pay attention to the history behind the current understanding of the access to water for the different communities interested in water.

ML:

Absolutely. And you get quite a bit of resistance, actually, from some of the people working on climate, finding it outrageous that you made a payment to the mining sector to, you know, they see that as, in a sense, rewards for bad behavior. And, you know, sometimes, you know that they are their own worst enemies, and, you know, sort of fighting any sort of engagement with oil and gas companies, with coal companies, with the communities that are dependent on those industries, and so on. And I'm very much with you, that I think one has to engage and have to understand that they, you know, have legitimate claims for funding and for social inclusion.

TR:

To me, it is important to assess who deserves solidarity, and who is in a position to manage on his or her own. So please go on your own. And there big changes and big differences between these situations. I think that a big corporate has much more instruments to make his/her own transition a long time than a small community of workers, for instance, first thing. Second thing, I guess that the debate is not so much what from one day to the next one, but how much time we've got to prepare ourselves. So, it's not a question of punishment, but the question of facilitating the transformation. And of course, the public resources are not with no limit, we need to pay attention where the public resources are more interestingly being invested, it's not just to pay whatever. For instance, something that strikes me is this debate in Germany or some other debate, we have been witnessing this last week about the energy chapter and so on, with

investments and expectations on coal and gas in some European countries, continental European countries had companies claiming for compensations because of this. I think that was quite a shock in my case. When I first was asked, are you going to compensate your utilities because of the phase out of coal and I said, of course not. Coal is out of market. And it is the market which is pushing them away. And at the same time, we could be facing a different kind of fight. People asking for compensations for the cost of emitting greenhouse gases in the past, so let's avoid that discussion. Let's focus into the future, let's see how we can provide new opportunities for people and how corporates can evolve over something that makes sense because of course we need the utilities working in a different kind of energy model and it is good business for them. So, let's avoid the confrontational aspects and let's identify what the common ground is, so to facilitate being together in this transformation, but I think that's also a social emotional aspect in a different focus. But I think that that's also something we need to pay attention to, how sound is the willingness to be a partner/key stakeholder in the transformation when talking to different corporates, to different shareholders, behind the corporates.

ML:

Yeah, but I'm going to jump in because, you know, the taxonomy is not about learning. It's about creating a list of sustainable activities. And in a sense, I would argue, I will argue, that it's anti-innovation, right? Because it says, this is good, this is bad. It tries to divert money to the good, which happens to be, you know, good according to some committee today. It excludes, frankly, some of the most promising technologies around nuclear, completely not in... it doesn't seem to be, although there's still a discussion, but I can't see a route to them really being embraced and included. It's anti-innovation. It's not about learning. It's about box ticking, isn't it?

TR:

So, what would you suggest? Because I think that there are two options. One of them is to understand that this is a flexible, ongoing approach, which probably helps to better understand and learn, as I say, but also to orientate the cost of capital, and the alternative is doing nothing.

ML:

Oh, is the alternative doing nothing? No, I don't think the alternative is doing nothing.

TR:

What would you do?

ML:

I can see the value of a taxonomy at the individual project level. Okay, let me be clear... we could have a lovely Punch and Judy type discussion, you know, all bad or good. I think when you look at, say, green bonds, the way they're used sometimes to do the most, you know, stupid things from an environmental perspective. So, I see the value of a taxonomy there. But when you start to look at it at the corporate level, and adding it up and trying to judge companies, and then you're trying to add up companies into portfolios, and you try to judge investors, and you have these huge data gaps, and it requires disclosure of revenues, disclosure of costs, disclosure of investment, I mean, the level of disclosure that no financial accounting system requires, that in and of itself, could be a huge commercial competitive disadvantage for Europe. What I think if you ask me, what is the alternative? What I really like is the idea of putting climate risk into financial accounts, right? If values of companies are being impaired by climate damages, that should be in the accounts, and the investors, when they see those write-offs, they will react instantly, as opposed to this great box ticking exercise.

TR:

I take note of your recommendations. No, I think it is important to reflect somehow this climate risk when taking your decisions. And then the big discussion is, how far, how best we can do that exercise. So, to ensure that everybody gets consciousness of these climate risks, is there a positive list to facilitate the direction of the flows towards something? Is it too risky, as you're saying? So, I think that yes, there are two second row question marks that are open and are legitimate in terms of the public discussion. So... the fascinating years where we are going the highest speed in these transformations, (...) it is normal that we have these discussions.

ML:

But it also comes down to this question about systems, that we are dealing with a very complex system, I'll give you an example. Let's say, in order to get huge penetration of renewables, we need to have some unabated gas peakers, but they only run, let's call it five days a year, maybe when it's very cold. They're filthy, but they only run five days a year. But they might enable the rest, 360 days a year, of green energy, green electricity, I would be okay with that. But of course, in the taxonomy, they would be called filthy, and they would be outside and they would be ostracized, and any investor who touched them ultimately will be, you know, discriminated against, maybe even by the central banks. Now, to me, that feels like a very blunt instrument.

TR:

Well, I think that that's the taxonomy aspect, but dealing with the issue you have raised, there are other question marks that are still open. So, what is the price to be paid by this availability or we built capacity markets to ensure that things are reasonably well. So, we have seen this in Texas; \$9,000 I mean, crazy, crazy thing something that... Well, the United Kingdom was terrible too in January, the price of gas was crazy. In Spain, it was crazy, but not as crazy as in

the United Kingdom or Japan. I think that these type of discussions, not only how to orientate the investments, but also how to make things work in a context where there are many other things that we are buying, it's not just the availability, access to electricity, but also this well-functioning system that serves different signers and <inaudible>, it's also quite challenging in terms of the regulation that we need to put in place.

ML:

So, Teresa, I'm going to paraphrase. I think what you're saying is: It's okay those gas peakers are discriminated against in terms of cost of capital via the taxonomy, because we're going to subsidize them at the same time through a capacity market?

TR:

No. You're making a joke out of my comment, which I'm not going to accept. I think that we need to live with gas for a while, that's for sure. The question is not only in the case of gas, but what is the need to ensure that the system is going to work until the moment we count on a different kind of backup? So, the importance of storage? So, can we create markets of storage capacity? Can we create market of availability capacity? So, I think that there are things that are coming up in the discussion which are pretty interesting and we will have to intervene and to regulate that context too, because otherwise things may become crazy, also in terms of price. And that goes in parallel with your discussion: how far the guidelines, the orientation in terms of what is positive, what is negative, in terms of taxonomy, can impact for the good or for the bad in terms of innovation and the protection of the interests of consumers. Now, I think that's the difficulties of our discussions.

ML:

I agree. And I think that, whilst it would be ideal if policy could be so joined up that there are never any perverse incentives, or never any cross-cutting. That's not realistic. I mean, there are going to be times and you're going to get teased or criticized by other people, you know, other than me for things that work against each other.

TR:

And you have always been a very market person, and I've always been very a public policy person, so that's normal. We need to talk.

ML:

Absolutely. And I think these are fascinating discussions, because I think that, you know, what you're seeing also on the political right, is it's having to now do some intellectual catch up. Because just saying all free trade is good in all circumstances, or you know, deregulation is good in all circumstances: it's just not good enough. We have planetary boundaries. And so, there's

work to be done. I want to finish if I might, though, we've got a couple of minutes... I have done these Cleaning Up conversations with Rachel Kyte, Laurence Tubiana, Christiana Figueres, Claire O'Neill. Actually, I haven't done Laurence Tubiana yet, because I'm going to in the coming weeks, but these are all people, these are women, who were deeply involved in the Paris climate negotiations and the Paris Agreements. And you at the time, you were out of government, but you were very closely involved via this organization called IDDRI. Can you say a couple of words about what you were doing?

TR:

We were facilitating a possible solution to the bottlenecks that we thought we could find in the formal negotiations in Paris. So, since 2013-14, we started to work on different issues. How to facilitate better thinking in the long term. How to ensure that all the countries including those who are more reluctant to transparency, could feel comfortable in a reporting mechanism that could ensure that things work, and goods delivered confidence among the different partners. And to identify which were going to be the tricky issues, including issues such as adaptation, global adaptation goal, or cooperation in order to facilitate a much more consistent economic and financial flows towards climate action and climate resilience. So, the role was to facilitate intellectual discussion and to provide some inputs in order to get some almost-ready solutions for the negotiations.

ML:

And you were feeding those into Laurence Tubiana, who was the negotiator, and presumably to Laurent Fabius?

TR:

Not only, of course. We worked very closely to the French government, but not only. I mean, along the months... we were convenient, different informal meetings with negotiators coming from all over the world on the different aspects, so to understand what the difficulties may be, and what the solutions may be.

ML:

And of course, in my list of the women that I've had on Cleaning Up, I omitted Amber Rudd, who was the UK negotiator. I actually mentioned Claire O'Neill, who became energy minister only afterwards. Did it make a difference that so many of the leaders of that process were women? And contrast that to 2015, or sorry, 2009, COP 15 in 2009, which was the kind of the 'guy COP', which failed, and then there was the 'women's COP', which succeeded. Is that a fair characterization?

TR:

You know that this is something that has been a longer story in the climate process. At the beginning, because there were no women in the different governing boards of the UNFCCC, which was quite striking. But then among the negotiators, the leading negotiators tended to be more men than women. And what we started to realize is that there were more capacity, flexibility, and pragmatism in some of the women negotiators than among our colleagues in the men's side. So, we started to make some jokes, but also to get some informal approaches to understand how things were going on. And there's a small history in this because in 2009, you know, someone who became very famous and now playing a different role with some difficulties in Europe, who was there, Venezuelan negotiator Claudia Salerno who stopped the plenary, and yeah, well, that was the face, the visible face of the implosion of the negotiations. Said, hey, guys, I'm not here to stay forever. I have kids at home waiting to enjoy Christmas. So, let's be pragmatic and solve the problems. And I think that this is an approach which is very common in many of the women negotiators. So yes, all the ladies that you have quoted, that you have listed, are very fantastic ladies. Quite committed, but also quite pragmatic in terms of understanding what are the problems of the other people in the room? And how and where we can identify the common ground to reach an agreement and keep on going and be constructive in the solutions?

ML:

Very good. Yes. I mean, it's certainly an unusual negotiation, because there's so much sort of Pareto optimization. So, the difference between the walkaway and being successful is so enormous that it definitely requires exploring. Well, and also, it's not just a technology or a trade discussion, it is also social...

TR:

Because I think that what we need is to raise the bar, everywhere. And that doesn't happen in 15 days slot among diplomatic negotiators, you need to raise the bar everywhere. And to raise the bar everywhere, you need to get a better understanding of the public opinion on what is at stake. So, we need to be <inaudible> elsewhere. And then the diplomatic gatherings are just to fix and ensure that we are learning, we are moving at the right speed, what else we can do... I think that is the real work needs to take place elsewhere: in all our capitals, in our offices, in our landscapes. I mean, I think the different communities need to think and shift the type of thinking to succeed on the climate action. And that's why there are so many different communities around the COPs, the financial, the industrial, the rural areas, and plenty of people trying to learn and to share their understanding of how to do better.

ML:

I must say, I do worry that when the historians write the history, in the distant future, when they write the history of this period, they will say, the guys nearly trashed the planet, but then the women took over and fixed it. And that will be it, that will be the entire history of a sort of 50-year period.

TR:

Well, let's try to combine in a much more inclusive way. So, men and women working together.

ML:

Okay, so maybe there's still hope for us.

TR:

And in fact, we have this additional endeavor 'Moving Mountains' so we have many things to do, Michael.

ML:

We have a number of things we need to follow up from this discussion - 'Moving Mountains'. Also, anything that you want to talk about on finance and a number of areas: resilience, we didn't really get on to, except your comments on Texas, which are well taken. We have much to do, much work to do. And maybe I'll see you during the COP meetings in Glasgow later this year. But thank you so much for your time. It's been a pleasure talking to you, as always. And I wish you the best for the rest of your day.

TR:

Thank you. A pleasure for me too. Bye.

ML:

Bye, bye.

ML:

So that was Teresa Ribera, Minister for the Ecological Transition and the Demographic Challenge, also a Deputy Prime Minister in the Spanish government. And that brings to an end this season of Cleaning Up. We'll be back after Easter with a new season, that's season three. And we'll be kicking it off with a very special guest, but I'm not going to tell you right now who it is. See you after Easter.