Chapter 99
Sustainable Business Model Innovation:
Using Polycentric and Creative Climate Change Governance

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ABSTRACT

Establishing a sustainable energy future can justifiably be considered the next frontier in global sustainable development under the agenda laid out in the Sustainable Development Goals (SDGs). The newly adopted Paris Agreement which seeks to hold global average temperature increase to "well below 2°C" above pre-industrial levels inserts additional urgency into this agenda. To realize the commitments outlined in the agreement, implementation of innovative sustainable business models capable of producing strong mitigation and adaptation outcomes is required 'on the ground' and needs to be available for subsequent diffusion across different countries, contexts and domains. This chapter explores the value of polycentric climate change governance through an investigation of sustainable business model innovation. An example of a sustainable business model, called the Sustainable Energy Utility (SEU), is evaluated and an assessment of United Nations-based programming to aid future diffusion of such business models is conducted.

INTRODUCTION

The intergovernmental Millennium Development Goals (MDGs) effort, chartered in 2000 around eight aspirational targets for the world to achieve by 2015, has been able to realize impressive results (Galatsidas & Sheehy, 2015). Following the 2015 conclusion of the MDGs, the United Nations introduced a new and more comprehensive set of 17 aspirational goals for sustainable development. Formulated under the rubric of the Sustainable Development Goals (SDGs),[1] this effort builds on the lessons learned from the MDGs and lays out targets for 2030. An important development with the new set of goals is the ambition to "ensure access to affordable, reliable, sustainable and modern energy for all". The inclusion of sustainable energy is significant as access to clean sources of energy is vital to overcome both development and climate change challenges (Kaygusuz, 2011). Indeed, establishing a sustainable energy future can justifiably be considered the next frontier in global sustainable development.

The 15-year agenda laid out in the SDGs is ambitious and will, among others, rely on a globally determined endeavor to mitigate currently ongoing global environmental change processes, particularly climate change. The recently articulated desire to hold global average temperature increase to "well below" 2°C (3.6°F) above pre-industrial levels and to "pursue efforts" to limit temperature rise to 1.5^0C (2.7°F) above pre-industrial levels in the newly adopted 'Paris Agreement' inserts additional urgency into the agenda (FCCC/CP/2015/L.9). The challenge, as such, is to not only identify pragmatic, innovative, and disruptive practices but to also aid their diffusion around the world in a timely manner. The "structurally weak" and entirely voluntary Paris Agreement (Grubb, 2015), however, did not establish a strong global architecture capable of forcing such identification and diffusion as some dreamed it would earlier in the negotiations.

Therefore, to realize – and, perhaps, exceed – the commitments outlined in the Paris Agreement, innovative implementation of sustainable business models capable of producing strong mitigation and adaptation outcomes will need to take place 'on the ground' and be subsequently shared on a global platform for adoption in other contexts (Taminiau & Byrne, 2015). A strategic reconsideration is in order and, throughout this chapter, we highlight the need for ecological governance and explore the value of collective creativity. The chapter sets out the following objectives:

- Describe a proposed re-configuration of global environmental change response strategies that prioritize polycentric collective creativity over collective action (Section 2.0);
- Highlight the need for sustainable business model innovation as a key component of a polycentric collective creativity strategy (Section 3.0);
- Offer an example of a sustainable business model that could change the energy consumption paradigm (one of the key sectors contributing to climate change) (Section 4.0); and
- Assess how United Nations-based programs can be positioned to facilitate the development and diffusion of sustainable business practices in order to contribute to the UN's objectives of peace, development, *and* global sustainability as outlined in the SDGs (Section 5.0).[2]

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