

What's keeping energy leaders up at night

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In the midst of today's vigorous dialogue around energy issues, some might ask, 'what's keeping global and Canadian energy leaders "up at night"' and 'what do they see as the "obvious things to do"'? These are questions that should be of significant interest to federal policy makers as they wrestle with the challenge (among others) of aligning continued energy-driven prosperity with heightened efforts to address climate change.

The newly-released *World Energy Issues Monitor* provides answers. And while it finds many commonalities among energy leaders across the globe, it also identifies some distinctly Canadian preoccupations which may be of particular value in informing policy making.

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Ranking highly on global leaders' "up-at-night" list – due to potential for major impact and a high degree of uncertainty – are commodity prices and the prolonged recovery from the global recession.

Energy storage, and the related issue of designing electricity markets to properly account for the benefits and cost of storage were also among the priority concerns. This is the first time these particular issues have ranked so highly. As the *Monitor* notes, it highlights "the importance of issues associated with innovation and with increasing market shares of intermittent renewables".

Turning to the opportunity agenda, global leaders see two "obvious things to do". Global consensus prevails that improving energy efficiency is a first-order priority. Significantly, global leaders now see renewables as the second-ranked obvious action, with significantly less associated risk than in 2015.

Not surprisingly, Canada's energy leaders have unique views reflecting the regional character of our energy sector. Low oil prices were ranked as having an even higher impact by our energy leaders than by their global counterparts. Second-ranked were uncertainties around climate policy, as provincial governments roll-out their climate plans paralleled by federal consultations on a national framework.

Next highest on the "up at night" list in the Canadian sector is LNG development where uncertainty has grown due to prolonged regulatory processes and challenges in earning public acceptance. Canadian leaders also registered strong concerns about lack of pipeline connections to diversify market access – an issue that is receiving significantly more coverage over the previous year as approval of major projects remains elusive.

Interestingly, Canadian energy leaders have a distinctly different view about the prospects for carbon capture and storage (CCS). In contrast to global views, where CCS is seen as highly uncertain with low expectations for potential impact, Canadian energy leaders are much more bullish on its potential.

This higher level of confidence likely arises in part from the completion and operation of SaskPower's Boundary Dam project. This global first combines capture of carbon dioxide from a coal-fired generator, use of the captured CO₂ to enhance production at an adjacent oil field, and storage of any excess in a deep-seated geological formation.

The *Monitor* reveals a global and Canadian energy sector deeply challenged by commodity prices, but also firmly focused on actions to implement energy efficiency and renewables, with the latter clearly having moved into the mainstream.

At the same time, our national energy sector is understandably preoccupied with some foundational issues relating to infrastructure and market access. This is consistent with what we at the Energy Council hear in the discussions we convene among Canadian energy sector leaders.

Policy makers would do well to bear our energy sector's particular preoccupations and priorities in mind. They have tremendously significant decisions to make in the months ahead. Upcoming decisions which address the underlying challenges our national energy sector faces will both encourage innovative solutions and the contribution of Canadian expertise to the global energy transition.

Graham Campbell is the president of the Energy Council of Canada, a national non-profit organization dedicated to achieving an affordable, stable, and environmentally-sound energy system providing the greatest benefit for all Canadians. The Energy Council of Canada has been the Canadian Member Committee of the World Energy Council since 1923.