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The web of policy, technology, and market developments taking place within the energy sector across the world converged profoundly in the recent climate negotiations held in Copenhagen. Many see the results of Copenhagen – no binding treaty – to be a disappointment.

Energy Edge has prepared a series of client briefings based on its involvement at the climate talks that outline some of the most prospective scenarios for how climate policy will impact investment opportunities for energy providers. We believe something profound is happening that was reflected in the Copenhagen conference.

This policy briefing is more “philosophical” as it attempts to give those in the energy space a perspective on how the world is changing and how energy policies and energy players will be central in the emerging political economies and societies.

Tom Paine, the great English revolutionary and pamphleteer, influential in the American and French Revolutions, writes that “man has no property in man; neither has any generation a property in the generations which are to follow.”¹

Paine was writing for the idea that men have universal rights, and against a countervailing view that civil society was a product of evolution that defied rational improvement or analysis. People on both sides of the Atlantic were using reason to push for – and ultimately achieve – profound changes in the rights afforded many ordinary persons and these revolutions created a bulwark upon which more rights have been afforded more people. He was also arguing that the past cannot dictate the regimes of the future.

What does this have to do with today’s energy industry? Paine’s views remind me of much rhetoric that the environmental community – and thinkers in business and politics in general – are using to frame the rules for future economic production and consumption. Like in Paine’s day (which was also the day of Adam Smith, the founder of classical economics), we are participating in some profound changes in the way people discourse, what are the bounds of what is possible to imagine the future to be like, and intense restructuring of the political and economic order. Western economies now share the stage with a variety of Eastern and Southern nations with very different views on individual liberties and social responsibilities, and with wealth transitioning from energy intensive manufacturing and distribution towards one where greater value lies in ideas and communication: software, media, etc.

¹ Tom Paine, *The Rights of Man* (1791).

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In Paine's world, he argues against the reality that Manchester, then a city of 60,000, had no elected representatives in Parliament, while an ancient rural county with a fraction of this population had two representatives! Manchester was on the verge of becoming the World's iconic industrial revolution city. Prior to this revolution renewable energy: hydro, wind, and biofuels, were the dominant sources of energy in a largely agrarian system. Coal became king and then oil and gas joined the mix: together they represent nearly 90% of global energy consumption.

The climate conference that happened in Copenhagen, Denmark last December points to new forces in society perhaps as revolutionary as Paine's enlightenment ideals and the transition from a landed to an industrial economy:

- Scientist say that the earth could warm by six degrees if we continue as business as usual. To avert half of this warming – a level still considered catastrophic by many – will mean reducing global emissions mid-century by about half.

[Energy companies will be central in the efforts to lower carbon emissions.](#)

- Countries like China, India, and Brazil are likely to be the dominant economic force in a generation. Already they are asserting their strength in international debates.

[Markets for energy, and energy supplies will require energy companies to engage with the East and the South like they never have before.](#)

- Communication technologies: the internet, twitter, facebook, cheap mobile phones – are making it possible for more of the world to see more of the world and what can be. And they are a critical tool to mobilize change. Countries run by tyrants are doing what they can do stop this but time is not on their side.

[How and what energy companies communicate is more important than ever.](#)

- Fossil energy is getting scarcer and more difficult to exploit. Energy companies admit that deepwater drilling is much riskier and more expensive than conventional drilling. Coal mines are deeper and exploiting more challenging seams. Accidents do happen and they can ruin companies.

[How and will energy companies manage the risks of offering a depleting resource to a very aware global market?](#)

- The Copenhagen climate talks attracted about 120 world leaders. This is unprecedented outside of the UN General Assembly.

[How do energy companies engage with governments? Is their approach robust for the long term?](#)

- Business is acting on the above trends. And its leaders engage on climate change, global political changes, and resource depletion – the World Economic Forum is one realm where these play center stage, for example.

[How does your company act and how does it compare with the competition?](#)

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It was not the aim of this briefing to tell energy companies how they will be impacted. And it is not possible to know which of the above trends will manifest themselves most prominently and how. But just as Tom Paine's pamphlets reflected and foretold profound changes in how the West's economy, society, and body politics were structured, today's calls for action reflect profound changes in the world we shall see unfold this century.

I'd suggest we discuss the scenarios that might impact your business.

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