

# The London Energy Club



## THE CHAIRMAN'S HIGHLIGHTS

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### OVERVIEW

The London Energy Club met on 3 October 2019 to discuss the current major issue of financing renewables and their strong competition with fossil fuels.

There was considerable tension around the table, which brought together key energy companies and financial institutions, while discussing the ascendancy of renewables and the relative decline of fossil fuels; in particular coal, oil and gas.

Most speakers and participants were concerned about potentially significant disruptions and underlined the need for a smooth energy transition. There was no consensus as to how this would be achieved, given the global speed of change and the current inability of government and business leaders to tackle this complex set of issues in a direct and skillful manner.

There was a strong case made by the oil companies that they were being unfairly vilified by “green fundamentalists”. Our future is not foreseeable, and hydrocarbons will certainly have a place in the energy mix for a significant number of years ahead.

The energy transition must be achieved carefully and, most importantly, without disruption.

There is no clarity on disruption. The potential spectrum: from little or none to massive. Introduction of renewables needs to take this into account; and other routes forward, both complimentary and others, need to be considered. Renewables are not the only game in town. Carbon capture and storage (CCS),

inter-connectors, transport, storage and others will also play an important role.

Every dimension of the climate change and global development agenda must shift from business-as-usual to urgent. The World Health Organization estimates that 150,000 deaths annually are attributable to climate change; this is set to increase to 230,000 deaths by 2030. The global economic impacts will be profound too, with disproportionate fallout in the developing world.

Energy security, sustainability and affordability in the future are defined by the investments that are made in the sector today. Currently, there are substantial uncertainties; yet, investors still have to make decisions to commit their capital. These uncertainties range from market shifts to geopolitical issues, environmental policies on national and global levels, as well as public acceptance (not only when it comes to conventional fossil fuels development like natural gas in Groningen, but also renewables and fossil fuels subsidies).

Despite the oft-quoted rhetoric of “energy abundance”, we should not overlook that around one billion people remain in energy poverty. Countries such as India and China and those in Africa and South Asia will need to move their citizens out of energy poverty before they consider cutting back on energy demand.