

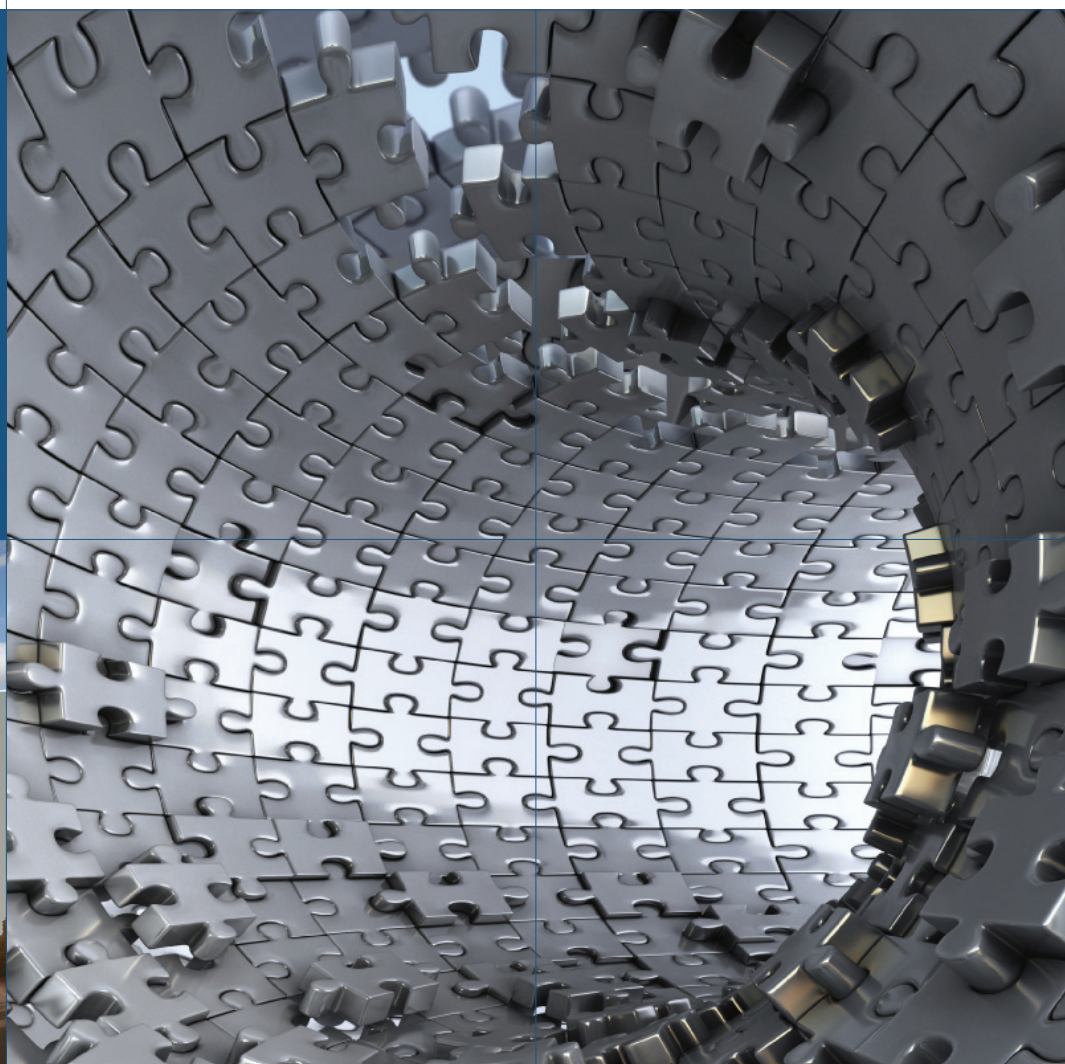
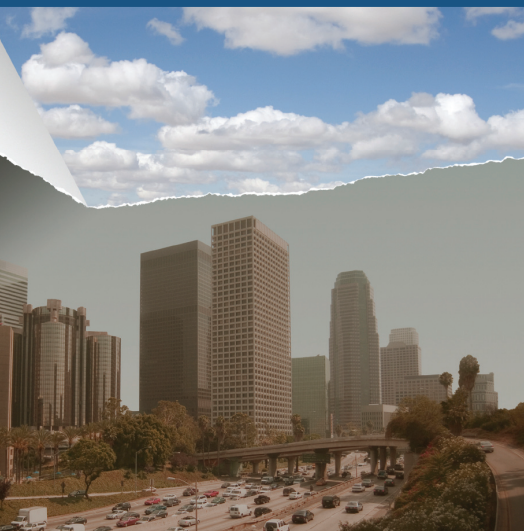


WORLD ENERGY COUNCIL
CONSEIL MONDIAL DE L'ÉNERGIE

World Energy and Climate Policy: 2009 Assessment

Executive Summary World Energy Council 2009

Promoting sustainable energy for the
greatest benefit of all



World Energy and Climate Policy: 2009 Assessment

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Energy policy must be integrated over time, and regionally and globally for some issues such as regional security and climate change.

The modern industrial world exists by virtue of its command over energy production, supply, transport, and use. Consumers around the world expect energy supply to be affordable, secure, clean, and available for all. This is desired by most local and regional jurisdictions, and especially by national governments, which implement them through a range of supporting energy and energy-related policies dealing with energy security, energy equity, and environmental impacts.

Of equal importance is the evolution of a complex energy industry to meet the many and diverse needs of all energy consumers. The industry, which has supported the economic growth of the last two centuries, is facing a number of profound transitions:

- ▶ A major shift in demand toward Africa, Asia, Latin America, and the Middle East;
- ▶ A possible “peaking” of conventional oil in the coming 10–20 years and of conventional natural gas before 2050;
- ▶ An urgent need to restrict the production of greenhouse gases and handle regional air pollution;
- ▶ A need for the rapid development of a low-carbon and/or carbon-free energy supply.

These transitions, which need to be completed in one to two generations, will employ a wide array of

technologies, some new, and will need enhanced policies.

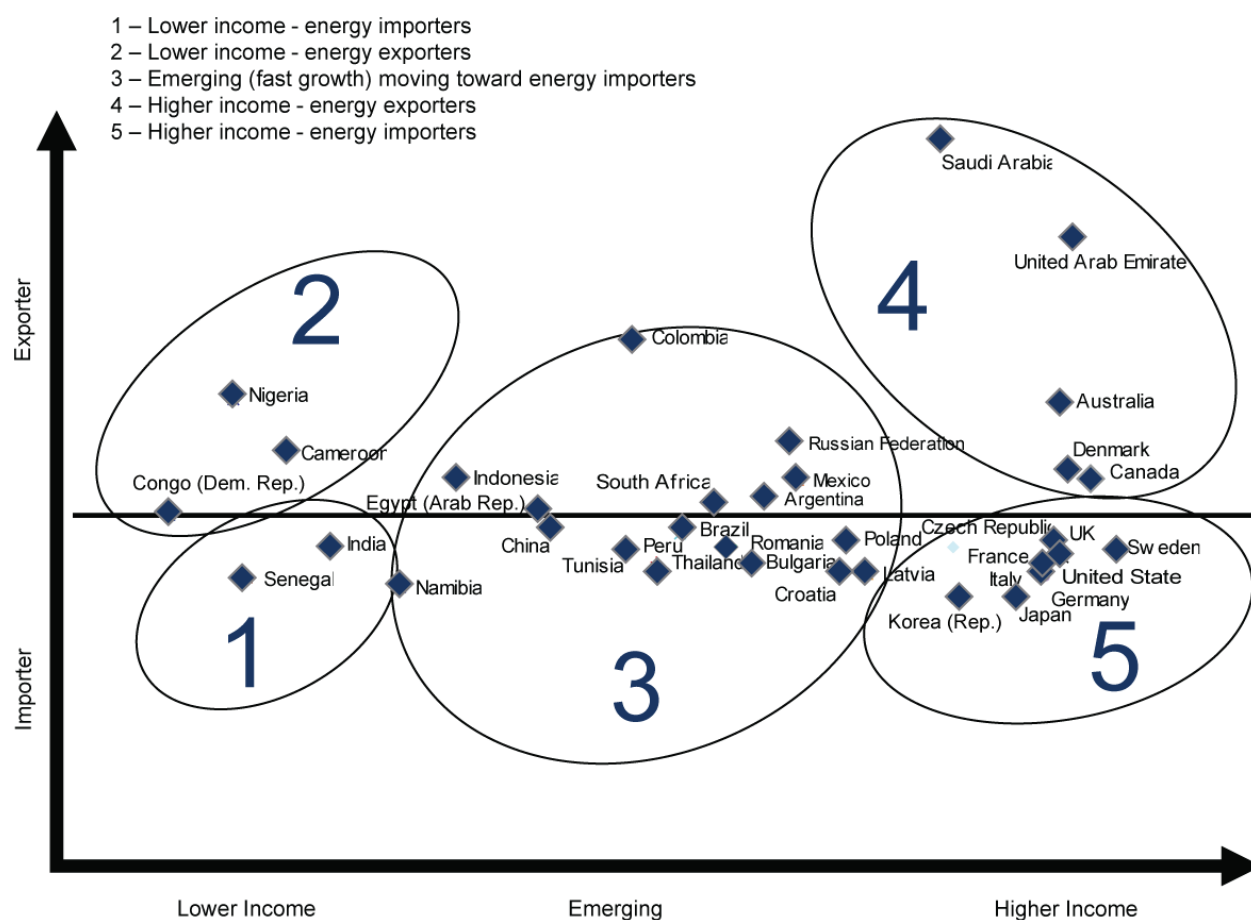
These policies must not only be respectful of the demands for more security, equity and a cleaner environment, but also need to address trade-offs between those goals, which may conflict.

Energy policy must be integrated over time, and regionally and globally for some issues such as regional security and climate change.

WEC believes that relentless improvement of government energy policies and industry practices are needed, and that this can lead to a material advancement in their capabilities to effectively handle these energy transitions. To enable this rapid change, WEC has launched a comprehensive, multi-year Assessment of Energy and Climate Policy, facilitated by the WEC's unique structure of almost one hundred worldwide national committees.

This report encapsulates assessment results across 88 countries. Identified are top division country performers in energy policy effectiveness, overall and by major objectives, and many examples of country best practices. Countries are grouped into clusters dependent on whether they are energy importers or exporters and the level of income per capita.

Country Clusters (with examples)



Top division country performers overall by cluster are as follows:

- ▶ High-income importers: Austria, Finland, New Zealand, Sweden, Switzerland, UK, and USA
- ▶ High-income exporters: Canada and Denmark
- ▶ Fast-growth countries: Croatia, Jordan, Latvia, Lithuania, Poland, South Africa, Thailand, and Tunisia
- ▶ Low-income importers: India, Philippines, and Sri Lanka
- ▶ Low-income exporters: Indonesia and Paraguay

Broad lessons from this assessment include:

1. Strong and effective government and business institutions are critical; they provide the underpinning for successful energy policy.
2. Governments must pursue clear, consistent, long-term-oriented policy objectives.
3. Public acceptance of energy policy is essential; understanding energy issues is a pre-requisite to acceptance.
4. Business plays a crucial role and must be involved with government as a partner.
5. Global cooperation between higher and lower income countries is needed; technology transfer is a key priority and needs international policies.

6. Policy design matters, based on efficient energy pricing and cost-effectiveness.

7. RD&D efforts have to be augmented and with cooperation between governments and between governments and industry.

Recommendations

These lessons point to a number of difficult dilemmas and trade-offs that policymakers face. To break through these dilemmas and make effective policy, the following is recommended for government, business, and other stakeholders:

Government

Government as a whole needs to accept and incorporate the size, scale, and pace of needed development in the energy sector and in related sectors. Government must also ensure that energy strategy and policy are commensurate with the necessary tasks. Leadership at the highest level is required, ideally, through a dedicated ministry run by a senior minister, responsible for leading major new energy and climate initiatives, and advised by other ministries as needed.

Effective energy policy needs strong, open and effective institutions.

Such a ministry must ensure that it has a workable and agreed-to long-term energy strategy supported by a planning machinery to progress towards short-

and medium-term goals. Open and participative dialogue with all stakeholders is essential to building strong public acceptance for the resulting energy policy and plans. In particular, government needs to be receptive to business.

Long-term vision and public acceptance are essential.

Given the pace and scale of likely energy developments, more effective approaches to gain local public acceptance for siting large projects and infrastructure are needed. For example, open, community-wide discussion and the lessons derived from such discussions should be applied to "zoning" to pre-approve energy projects.

Business

Business has a very valuable contribution to addressing global energy issues, given that many large energy companies operate in a wide range of jurisdictions. There is a special role to be played in collectively advising and shaping global energy policy that reflects the realities of experience gained in a wide range of countries.

Business must be involved with government as a partner.

Business needs to engage openly and constructively with all stakeholders, without special pleading. In particular, business has to actively play its part in securing public acceptance of new projects.

This is a challenging time for government, business, and other stakeholders. More than ever before, the interests of all stakeholders must be as aligned as possible, in the interests of all.

Other Stakeholders

Other stakeholders – a diverse group including civil society, various associations, political parties, the media, and the public – should recognise the critical importance of making intelligent and timely policy, because energy is essential to our collective future.

Cost effectiveness and efficient markets are important to an effective energy policy.

A veto from any group should be avoided. However, the fractious nature of collective energy and environment policy can make this difficult. Thus, appropriate mediation may be needed to strengthen cooperation.

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World Energy Council
Regency House 1-4 Warwick Street
London W1B 5LT United Kingdom
T (+44) 20 7734 5996
F (+44) 20 7734 5926
E info@worldenergy.org
www.worldenergy.org

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