

Sustainable Future Dependent On Energy Industry Support, Warns World Energy Council

- Report's rankings reveal most countries struggle to balance energy needs
- Switzerland, Denmark, Sweden, Spain and the United Kingdom achieve 'AAA' ratings under new scorecard system
- World Energy Congress to agree the agenda for change next month in Korea

WASHINGTON, D.C., September 24, 2013 - The global energy industry must play a greater role in the transition to sustainable energy systems if United Nations development goals are to be met, warns a report launched today by the World Energy Council (WEC).

The potential for billions of people benefiting from sustainable energy systems in future decades hangs in the balance without increased private sector support, it says.

The WEC's 2013 World Energy Trilemma report, 'Time to get real - the case for sustainable energy investment?', was produced with global management consulting firm Oliver Wyman. The findings are based on interviews with more than 50 policymakers, including energy and environment ministers, leaders in development banks, governments, IGOs and NGOs, plus experts from more than 25 countries.

The policymakers interviewed expressed concern that the lack of global consensus on climate change and a future energy system framework, coupled with dramatic disruptions caused by emerging technologies and rapidly shifting patterns of energy use and supply, make it difficult to develop and implement long-term energy policies. This results in increased risk for industry and investors, which must be addressed if the much-needed energy transition is to be delivered in the future.

The report also reveals the results of the 2013 Energy Sustainability Index. The Energy Sustainability Index within the report is the world's most comprehensive ranking of countries energy policies and evaluates how well 129 countries balance the three conflicting agendas involved in achieving energy sustainability – what the WEC has called the 'energy trilemma'; energy security, energy equity and environmental sustainability.

The Index shows that developed countries with higher shares of energy coming from low- and zero-carbon energy sources supported by well-established energy-efficiency programmes, such as Switzerland, Denmark and Sweden, outperform most countries across all three dimensions of the energy trilemma. Nevertheless, it is clear that all countries still struggle to balance all three aspects of the trilemma's currently conflicting agendas. Only five countries in the top 10 have been awarded a 'AAA' score with Switzerland, Denmark, Sweden, the United Kingdom and Spain being the only countries that historically demonstrate their ability to manage the trade-offs between the three competing dimensions equally.

Pierre Gadonneix, Chairman of the World Energy Council, said:

'I am encouraged that there appears to be a growing consensus among both industry and policymakers on the nature of the challenge and what needs to be done.

'The next vital stage in this dialogue will be our World Energy Congress, to be held in just three weeks' time in Daegu, Korea. There we will work towards a shared vision and smart, pragmatic solutions to securing a sustainable energy future.'

Joan MacNaughton, Executive Chair of the World Energy Trilemma report, said:

'If countries are to improve the sustainability of their energy systems, they must continue to work hard at identifying and successfully implementing balanced and forward looking policies. A more sophisticated and proactive partnership with the private sector is also

necessary to drive the higher level of energy investment now required.

For its part, the private sector needs to better understand how policy is made and how to contribute to it more effectively. It should also be more proactive in helping to build an informed consensus that moves us away from ad hoc approaches dominated by debate about short-term costs.?

Calling for closer public-private partnership to help overcome these challenges, the policymakers interviewed for the report urge the energy industry to contribute to and promote a long-term energy vision with realistic targets.

Their recommendations include:

- **Be more proactive in improving energy policies**

To make sustainable energy systems a reality, energy leaders must take the initiative in sharing their knowledge, insights and experiences with policymakers, regulators and other stakeholders.

- **Be less risk averse regarding energy investments.**

Cash-strapped governments with limited funds look to the energy and financial sectors to take the lead in energy infrastructure and technology investments. The report recommends a better alignment of risk with those best able to bear it and urges the private sector to engage with other stakeholders to identify suitable approaches and mechanisms to achieve a better balance of risk. The crucial role of both the public and private sectors in encouraging the research, development and demonstration (RD&D) of new energy technologies and innovations is also recognised.

- **Help developing countries chart a new energy course**

The energy industry and other investors must work with public sector stakeholders to identify and lower the barriers that are holding up investment in least-developed, developing and emerging economies. The industry also needs to be more proactive in helping developing countries adopt proven technologies, working with them to reduce the cost of technology transfer and identifying suitable projects that can

attract investment.

Roland Rechtsteiner, Partner at Oliver Wyman, said:

‘The analysis that we have conducted with the World Energy Council clearly shows where countries and industry must focus their endeavours to deliver results. We identify five key energy profiles – the Pack Leaders, the Fossil-fuelled, the Hydro-powered, the Highly-industrialised and the Back of the Pack – to highlight the common challenges that countries face.’

Hwan-eik Cho, Chairman of the World Energy Congress 2013 Organizing Committee, said:

‘This report reminds us that the public and private sectors cannot make the tough choices necessary to secure a sustainable energy future without having a proper dialogue. These discussions, which we will be proud to host in Daegu next month, could not be taking place at a more important time.’

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Notes to Editors

- WEC’s 2013 World Energy Trilemma report, ‘Time to get real – the case for sustainable energy investment’, including the complete Energy Sustainability Index and an executive summary, is available to download at www.worldenergy.org/publications
- The Energy Sustainability Index is based on an analysis of 60 data sets that were used to develop 23 indicators across 129 countries. The Index provides a comparative ranking and a ‘balance score’ for how countries manage the three core elements of sustainable energy systems – energy security, energy equity, and environmental sustainability. The ranking measures overall performance on the Index while the balance score – for the first time – highlights how well a country manages the trade-offs between the three dimensions.

- This is second in a two-part series of reports prepared in collaboration with global management consulting firm Oliver Wyman to examine the drivers and risks in the development of sustainable energy systems. It follows the 2012 report which described the policies that more than 40 energy industry CEOs and senior executives consider necessary to advance sustainable energy systems.

Enquiries:

World Energy Council:

Stuart Neil/Florence Mazzone/Monique Tsang
+44 (0)20 7734 0616

Tel:

tsang@worldenergy.org

Oliver Wyman:

Elisabeth Egan
(617) 424-3721

Tel: +1

World Energy Congress:

Jamie Robertson/Caroline Podsiad/Francesca Boothby
+44 (0)20 7831 3113

Tel:

worldenergy.sc@fticonsulting.com

About the World Energy Council

Founded in 1923, the World Energy Council is the only truly global and inclusive forum for thought-leadership and tangible engagement committed to our sustainable energy future. Our network of 93 national committees represents over 3,000 member organizations including governments, industry and expert institutions. Our mission is to promote the sustainable supply and use of energy for the greatest benefit of all. The World Energy Congress is the world's premier energy gathering.

Further details at www.worldenergy.org

About Oliver Wyman

Oliver Wyman is a global leader in management consulting. With offices in 50+ cities across 25 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm's 3,000 professionals help clients optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC]. For more information, visit www.oliverwyman.com. Follow Oliver Wyman on Twitter @OliverWyman.

The firm has been a project partner with the World Energy Council in developing an annual assessment of country energy policies and the Energy Sustainability Index since 2010.

About the World Energy Congress

The triennial World Energy Congress is the World Energy Council's flagship event. It has gained recognition since the first event in 1924 as the premier global forum for leaders and thinkers to debate solutions to energy issues.

In addition to the discussions, the event provides an opportunity for energy leaders to display their technologies and explore business opportunities. With the upcoming Congress in Daegu the event will have been held in 20 major cities around the world since its founding.