

# Conventional energy industry is heading for global crash, and needs root-and-branch reform, says green energy entrepreneur

Much of Big Energy is guilty of an enculturated risk blindness that, unless action is taken, will lead to an inevitable global crash according to Jeremy Leggett. As the **World Energy Congress** opens in South Korea, the man described as "Britain's most respected green energy boss" writes of wider risk-taking in energy – and financial markets, as he has seen it play out – often behind closed doors – since the oil price began its inexorable rise in 2004. Jeremy Leggett concludes that too many people across the top levels of government and business have closed their eyes and ears to systemic risk taking.

Leggett bases his conclusions in studies of human behaviour as well as an understanding of the gas and oil markets. "Brain scientists tell us we have a very worrying

collective tendency for blindness to the kind of risks that can crash economies, and imperil civilisations," Leggett concludes. "The financial crisis suggests they are right. Now we need to worry that the energy industries are about to repeat the behaviour traits of the financial sector, and on multiple fronts."

In his newly published book, ***The Energy of Nations: Risk Blindness and the Road to Renaissance***, Leggett describes four systemic risks being run by Big Energy: in climate change, in carbon-fuel asset-stranding in the capital markets (the "carbon bubble"), in shale "surprise", and in oil depletion.

In two panels on Monday 14th October, Leggett will argue:

1. The honeymoon is far from over for renewables. This is because cost-down is now systemic, and the utility of renewables too widely perceived and understood in society.
2. The fact that there is a perception that the renewables honeymoon is over has much to do with a dysfunctional enculturated pushback by the energy incumbency in defence of their perceived interests.
3. Carbon-fuel asset-stranding risk may be the incumbency's biggest problem in keeping their out-of-date business models on course.
4. The outcome of the resulting "civil war" in energy markets is likely to be shaped by shock in the system, not by evolutionary policymaking.
5. That governments will have a narrow window of opportunity, come the next global energy crisis, to

reset the world on a road to renaissance.

"The global energy industry is in an institutionalised state of collective risk blindness, and is pushing the global community towards serial disaster on current course," said Leggett. "Like the banking industry, we will need a whole new generation of leaders, and companies with very different business models. This new generation will have to recognise that— as Einstein said — you don't solve huge problems with the same thinking that created them in the first place. Renewables could power modern economies within a few decades, and the potential in Asia and the Middle East is arguably even higher than the west. But the incumbency will try hard to stop us even coming close. We in the renewables industries can lead by example, and speak truth to power with courage and integrity. In doing this, we must never underestimate how deeply misguided the energy incumbency is capable of being, collectively. Or the malign power that they are exercising below the radar in the current civil war in global energy markets. Most of them will not change willingly, we know now. They must be forced to change"