

## DO ENERGY TRANSITIONS LEAD TO LOW CARBON ECONOMIES?

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Good morning everybody. Allow me to begin with a short remark on the title of my presentation and then to speak about sustainability and energy transition issues in more detail.

The topic of my brief intervention this morning is “do energy transitions lead to low carbon economies?” I ask this question due to the view that sustainability as a concept and the idea of transition to low carbon economies are in many ways becoming the dominant narratives and the most fashionable terms in our discussions about energy. That said, if we briefly glance at the ‘energy experiences’ of some of the countries I tend to visit for professional purposes, then I am not entirely sure that all international stakeholders are on the same page when it comes to these important topics. In the European energy discussion, which has implications on policy making, the idea of an energy transition has become somewhat of an ‘ideology’. Indeed, to reinforce the view from Europe, a top level British decision maker stated a few weeks ago that in “30 years from now there will be no more combustion engine vehicles in the United Kingdom”. This is a very provocative statement but does reflect a European narrative on the energy transition (he did not clarify as to which cars we will be driving in the future, however).

What does this really mean and how are these ideas embraced by different sets of countries, particularly those outside of Europe? To begin with, there is substantial confusion, or lack of consensus, about the concept of decarbonization. From my perspective, the idea of decarbonization does not correspond to the end of conventional fuels. We certainly can make fuels more efficient, but can we fly a plane on energy efficiency? Energy efficiency makes for great energy policy, in both producer and consumer countries, but neither energy efficiency nor decarbonization equate to the end of fossil fuels.

That said, it is clear to me that we are going somewhere, for sure, as we cannot deny that renewable energy is playing a greater role in our lives today than it has been in the past. Many changes are taking place in the manner that we produce and consume energy at the international level. At this point I would like to say that we live in a world of profound energy diversity: the energy balance of many countries is dependent on a very diverse set of fuels. Indeed, as the centuries passed, the world shifted from conventional energy forms such as wood, then coal, to oil, to renewables in the 21<sup>st</sup> century: we are currently in the era of diversity.

We can also note that a North-South ‘energy policy priorities gap’ emerges: on the one hand, while Europe and the OECD countries are leading a surge towards ‘environmentally friendly’ usage of energy, many developing countries, which are more interested in energy access and alleviation of energy poverty, continue to go for cheaper, easier and invariably dirtier options such as coal and petroleum products. The shale revolution represented a major game breaking development as it drove prices down and led to an oversupply of hydrocarbons for the first time in a decade, creating in turn a situation in which there is much more primary fuel available. Consequently security of supply became

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less of a problem and also gas prices fell fostering higher levels of consumption especially in developing countries. All of this seems to have led to a larger volume of CO2 emissions.

There is some sense of unity on sustainability and energy transitions in the countries of the North, which utilize instruments such as the G-7 in order to promote policy level change in favour of the energy transition. There is recognition that energy needs to remain affordable, but there is an increasing consensus now on the need to evaluate the harmful effects of low oil prices more closely. Increasingly, we came to a situation in which it is necessary to act concretely at the global level and to establish a framework through which to shape the policy debate.

European leaders fully realize that Europe cannot go it alone and global level cooperation is necessary to achieve global objectives. There is a view within the EU that CO2 emissions can be managed by acting together. This is not necessarily the view from the developing countries. One interesting caveat to note here is what one could refer to as the German Paradox within the EU: the Germans see themselves as the leaders in Europe when it comes to the energy transition but at the same time they are the largest consumer of coal within the European Union. This begs the question as to the type of energy transition that Europe is really moving towards and whether 'energy transitions lead to low carbon economies'

So, on this last point, when it comes to the idea of the energy transition, I hope that our children are not going to be engaged in the same debate in 30 years' time from now as we are at present.

Thank you for your attention.