

01 June 2016

Innovative investment policies the key to accelerating energy transition – World Energy Council Trilemma Report

- **Policy and investment key to driving innovation**
- **Innovation key to drive progress on ‘sustainability’ element of Trilemma**
- **Energy innovation a key theme of the 2016 World Energy Congress**

The energy sector is at a transition point and faces a number of growing challenges. Innovative policies and technologies are the key to addressing these challenges according to a new report by the World Energy Council.

The report was presented to ministers and government representatives as they met at the seventh Clean Energy Ministerial (CEM7), San Francisco, USA on 1 June.

[The World Energy Trilemma 2016: ‘Defining measures to accelerate the energy transition’](#) published by the World Energy Council, in partnership with global consultancy Oliver Wyman, a subsidiary of Marsh & McLennan Companies, has identified five focus areas to drive progress on the Energy Trilemma of sustainability, security and energy access, and meet the goals of 2020 and beyond. This report will provide the foundations for many discussions at the 2016 World Energy Congress in Istanbul in October.

Joan McNaughton, Chair of the World Energy Trilemma study group, said: “The Paris Agreement has raised the bar on what countries must do to have a sustainable energy policy - one which delivers not just on energy security, access and affordability; but is also capable of delivering the Paris commitments. Having a high GDP or great natural resources can help, but good policy with a clear sense of strategic direction, implemented well, is what really drives good Trilemma performance.

“More substantive dialogue with business leaders and the investment community will help policymakers to produce policies which are robust in a world of fast changing dynamics of energy supply and demand and an accelerating pace of technological and business change. The sooner countries start on the transition, the cheaper it will be.”

The report highlights five key findings emerging from innovative policies, interviews with policymakers and private sector energy leaders and an analysis of five years of the Energy Trilemma Index:

- **Transforming energy supply:** Policymakers and decision makers must set clear energy targets and provide clarity to the market
- **Advancing energy access:** Countries are reforming regulatory frameworks to decrease the cost of doing business and increase private investments in modern infrastructure expansion
- **Addressing affordability:** While subsidies can be vital for low-income consumers in the short-term, long term subsidies can erode the profitability of utilities.

- **Energy efficiency:** Cost savings alone are insufficient to stimulate the adoption of energy efficiencies standards. Performance ratings, incentives and labelling programmes also encourage consumer energy efficiencies

- **Decarbonisation:** Dynamic and flexible renewable energy investment policies are the key to responding to evolving market dynamics and technological developments

Speaking ahead of the CEM7 meeting, Christoph Frei, Secretary General of the World Energy Council, said: “Solely expanding infrastructure is not enough. Countries must look to a range of innovative mechanisms that enable access for people to utilise the benefits of modern energy for income-generating activities. Pay-as-you-go business models and mobile banking solutions to promote the take-up of renewable powered energy services are examples of such mechanisms.

“Investment and policies intended to change demand and supply at national level will either take time to deliver visible progress or likely will be disruptive. Countries must act now to progress on the trilemma with secure, equitable and environmentally sustainable energy to support a thriving energy sector, a competitive economy and a healthy society. In San Francisco, a great focus will be on innovation to achieve these objectives. We will take into account any outcomes and lessons learned at our World Energy Congress later in the year.”

Many of the sessions at the 2016 World Energy Congress in October will revolve around how business and government can innovate in order to balance the Trilemma. For example, two sessions ‘Innovative Business Models: the New Frontier’ and ‘Enabling the Energy Transition: Benchmarking 150 countries’, will look at how innovations in energy technology such as e-storage or changes in business priorities can help balance the Trilemma and deliver a shift to a low-carbon economy. The focus of day 3 will be on policy with around 100 ministers and up to 10,000 delegates discussing policy action to drive the energy transition.

Francois Austin, Global Head of Energy Practice, Oliver Wyman, commented: “Many emerging and developing economies continue to struggle to expand their energy infrastructure to support advanced energy security, reliability and access. To increase private sector investments in infrastructure expansion and modernisation, countries should, and are, beginning to reform regulatory frameworks to decrease the cost of doing business and increase competitiveness in the electricity market.

“To ensure policy and regulation keeps up to date with changing business models and evolving consumer, industry and government expectations, policymakers should stimulate broader industry engagement including the energy sector, new entrants to the energy industry and with businesses that are transforming their energy consumption profile.”

Ends

Christoph Frei, Secretary General, World Energy Council; Joan MacNaughton, Executive Chair, World Energy Trilemma study Group and Alex Wittenberg, Executive Director, Marsh & McLennan Companies’ Global Risk Center, are all available for interview at CEM7.

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Notes to Editors

World Energy Council

The World Energy Council is the principal impartial network of energy leaders and practitioners promoting an affordable, stable and environmentally sensitive energy system for the greatest benefit of all. Formed in 1923, the Council is the UN-accredited global energy body, representing the entire energy spectrum, with over 3,000 member organisations in over 90 countries, drawn from governments, private and state corporations, academia, NGOs and energy stakeholders. We inform global, regional and national energy strategies by hosting high-level events including the World Energy Congress and publishing authoritative studies, and work through our extensive member network to facilitate the world's energy policy dialogue.

World Energy Congress

The triennial World Energy Congress has gained recognition since the first event in 1923 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 executives to display their technologies and explore business opportunities. For more information about the World Energy Congress 2016 and to register, visit: <http://wec2016istanbul.org.tr/>
Follow the Congress at @WECongress for regular updates.

Oliver Wyman

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World Trilemma Index

The Energy Trilemma Index, produced in partnership with global management consultancy Oliver Wyman, along with the Global Risk Centre of its parent Marsh & McLennan Companies, is a comparative ranking of 130 countries, benchmarking the sustainability of energy systems and awarding countries with a balance score, highlighting how well countries manage the trade-offs between the three trilemma goals.