THE DITCHLEY FOUNDATION

Climate and energy risk

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Chair: Mr Tom Burke CBE

The struggle continues to find ways to mitigate expected climate change, and to persuade international leaders of the urgency of the issue. Progress still seems far from what is needed to deal with the scale of change scientists predict, and which indeed is already with us: farmers in many countries do not know how to react to more and more unpredictable seasons; extreme weather events appear increasingly frequent, with severe consequences for many in terms of flooding, severe storms and drought. Yet there is little sign that habits are changing in response, or that governments and the private sector are ready to invest on the scale necessary to address the adaptation challenge, whatever happens about mitigation.

At the same time, global energy demand is steadily increasing, and energy access and security are firmly on most government agendas, often with a higher and more urgent profile than climate concerns. Energy policies are clearly vital both for mitigation and adaptation. The issues are inextricably intertwined. On the mitigation front, efforts to promote renewable energy sources continue to confront claims of high investment costs and subsidy needs, compared with traditional ways of producing energy, despite the increasing competitivity of renewables. Arguments against alternative energy sources have been strengthened by the new ability to extract more hydrocarbons from the ground (shale gas and tight oil), and predictions that existing hydrocarbon deposits can be exploited effectively for many years to come, at affordable prices, on the assumption that technological progress in this area will continue. How valid are such predictions, and how can the environmental considerations be properly factored into this argument? Is carbon pricing inevitably off the real-world agenda?

In terms of adaptation, it is clearly vital to shift to less energy-intensive and more environmentally sensitive practices and consumer habits, through energy efficiency, different fuel mixes, and new technologies in distribution (smart grids). At the same time, poor populations around the world need to have far greater access to energy, to improve agricultural yields and enable economic development, to help lift them out of poverty and deprivation. Present inequalities in energy access are likely to be intensified if prices rise, while efforts in developed countries to shift to less carbon-intensive fuels could have the paradoxical effect of making dirty fuels such as coal cheaper and more attractive for developing countries. This is already happening in the US because of the shale gas revolution, and consequent reduced coal consumption. Are there solutions here? Is carbon capture and storage a blind alley?

Against this background, how can governments and the private sector devise and implement energy policies which make sense both economically and environmentally, and reduce the risks we all face? Is the current broad approach of investing in a range of possible technologies still the right one, or is it time to make some choices? What responsibility do developed countries have towards others? Should the private sector, both providers and consumers of energy, be responding only to market forces? Where do their broad responsibilities lie? Where should nuclear energy now fit in, for example, given continuing concerns about accident risks and long-term costs when waste disposal is taken into account? Can we expect the market to provide new answers, for example through breakthroughs in battery and other energy storage technology?

This conference is planned to be the first of three over a two year period devoted to future energy policies. We aim to bring together a mix of experts and practitioners from governments and the private sector, from around the world, to take a fresh look at the problems and help identify and recommend the right approaches.