

## *Energy Transition – A multi-faceted Challenge for Europe*

### *Beyond the 2020 Horizon: Moving to a common EU Energy Policy*



**What are the key challenges and obstacles to the development of a European energy policy: lessons from the 2020 EU energy strategy**

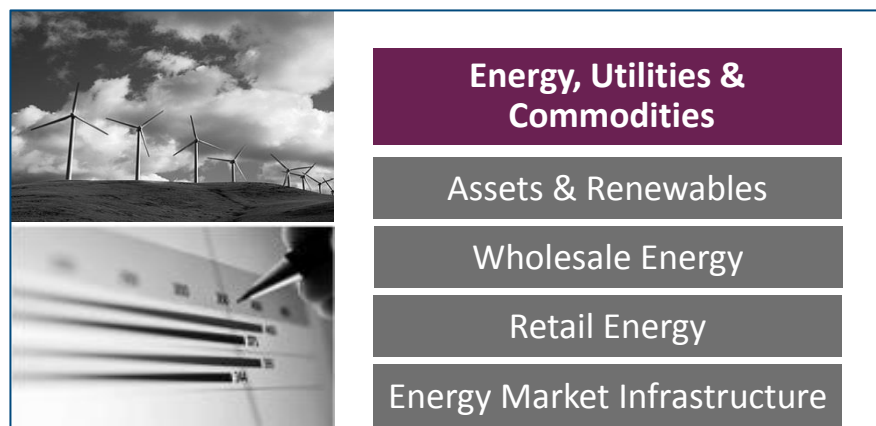
**Dr. Jayesh Parmar**  
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10 June 2013

Reputation built on Results



# Baringa Partners LLP – Profile

- ▶ Baringa Partners LLP is a market-leading consulting company with a **focus on energy, commodities and financial services**
- ▶ Founded in the UK in 2000 – Baringa Partners has a market turnover of **over €60, with more than 300 professionals**. A **German branch office** was opened in 2011 to increase support of our clients in central and eastern Europe, with 20 consultants.
- ▶ The **Energy Advisory Services (EAS)** practice of Baringa Partners successfully **merged with Redpoint Energy** in 2012, and is now a practice of over 40 specialists. The core services provided by our Energy Advisory Services practice includes specialist strategic, economic and commercial energy consultancy, and advising clients on investments, strategy, policy and regulation across Europe’s power, gas and carbon markets.
- ▶ The EAS practice’s knowledge and experience of strategies, business models, systems, operations and transformation across the value chain is also the basis for delivering **commercially optimised operations** for clients.
- ▶ In 2013, Baringa established a new Business Unit – **Markets and Trading** – extending our trading skills to support our clients across the Energy, Commodities and Capital Markets



- ▶ Baringa Partners has a strong track record of working with many of Europe’s leading energy and commodities businesses – our capabilities and experience extend across Oil, Gas, Power, Coal, Carbon and Soft Commodities; our clients comprise **Oil Majors, Utilities, Investment Banks, Exchanges and Investment Funds**

## The 2020 Energy Strategy – A work in progress?

**Coming together is a beginning.  
Keeping together is progress.  
Working together is success.**

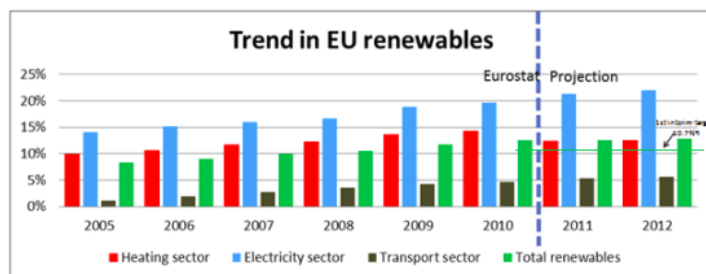
**Henry Ford**

# The 2020 Energy Strategy – How are we faring?



- ▶ “A generally solid start ...”
  - At or above commitment for 2010

- ▶ Significant growth in renewable energy...



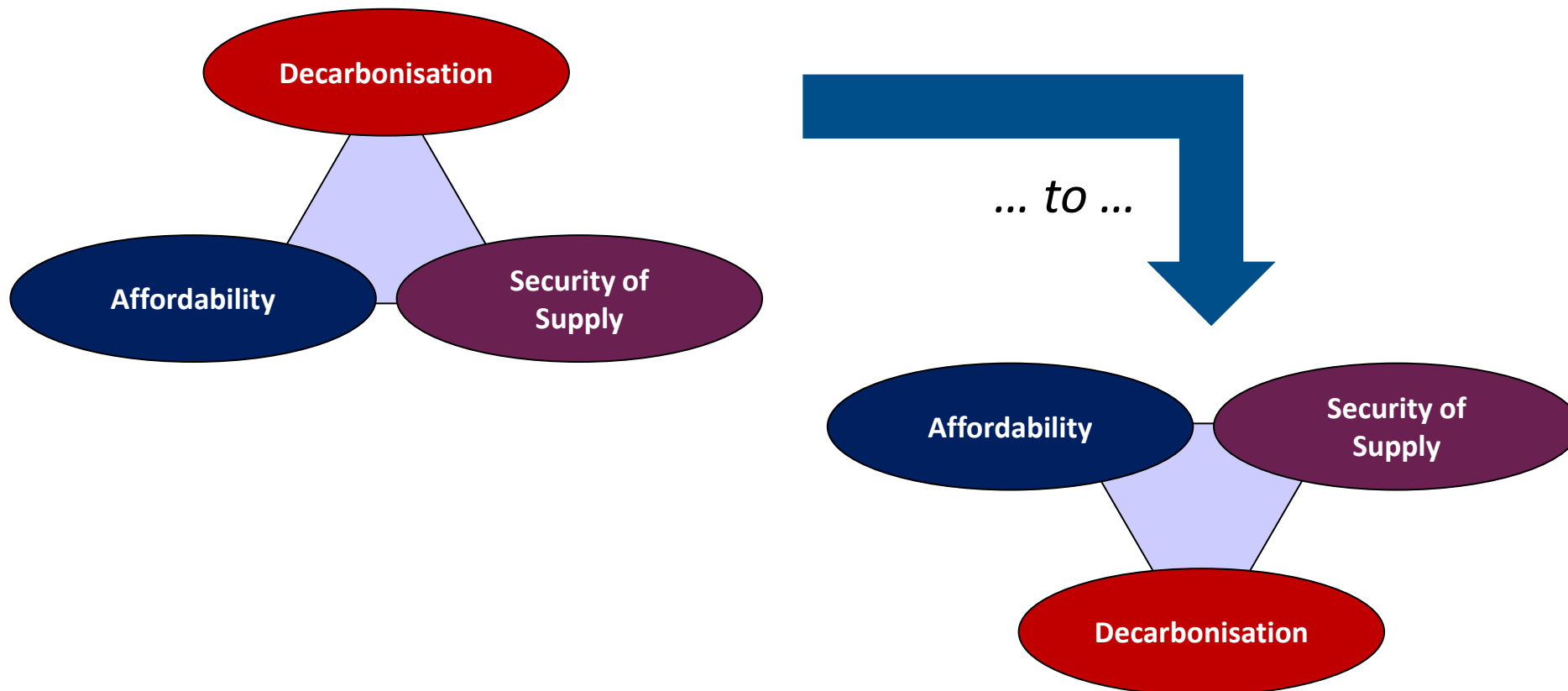
- ▶ Progress on internal market ...



- ▶ ... But ... More to do on ...
  - Simplification of administration
  - Integration of renewable energy
  - Planning and permitting
  - Policy and regulatory risk
- ▶ ... But ... Current projections for renewable energy are well below the planned and required trajectory overall and for all technologies except for PV
- ▶ Acceleration of investment is likely to lead to increasing costs rather than benefitting from the experience curve
- ▶ ... But ... There is much more detailed work to do on delivering the internal market

# European Energy Policy is faced with a fundamental change in the priorities

*Perspectives on the trilemma are changing from ...*



*... accidentally aligning the concerned, the laggards and the sceptics*

## ... and there are a broader set of implementation issues to be addressed

How to effectively address investment uncertainty?

Managing energy flows across interconnected markets

Gas – “a lower carbon route to a low carbon future”?

Governments are typically not great at picking winners

How to best break the investment hiatus?

Delivering the public benefit from the experience curve

Delivering the energy saving potential of “smart”

What is the desired long-term scenario?

“Gosplan” or Market Principles?

What is the best way of ensuring security of supply?

What is the affordable, and competitive, price of energy?

## The immediate priorities?

*These should be focused on delivering the 2020 goals ...*

European Goals	<ul style="list-style-type: none"><li>• European goals as part of global action</li><li>• A market for carbon that works</li><li>• A focus on the priorities</li></ul>	Coherence Consistency Coordination  ... and political determination
Pathways	<ul style="list-style-type: none"><li>• Alignment of the pathways to decarbonisation</li><li>• Applying market principles to the maximum extent</li><li>• Consideration of alternative trajectories</li></ul>	
Codes	<ul style="list-style-type: none"><li>• Principles to guide the development of detail – capacity mechanisms, incentive arrangements, interconnectors, cross-border participation ...</li></ul>	

*... and ensure that Europe is provided with an effective, efficient, and affordable energy solution for the future*

# Why Baringa Partners

*Baringa Partners' reputation is built on results and we bring a track record of leading and delivering strategy and transformation programmes based on insight, expertise and a collaborative approach*

