GLOBAL ENERGY GOVERNANCE TO ADDRESS GLOBAL CHANGE: CONCEPTS AND FUTURE IMPLICATIONS

Ann Florini
Professor of Public Policy
Singapore Management University

Non-resident Senior Fellow
Brookings Institution
ZONE OF UNCERTAINTY

Shell scenarios
THE “KNOWN UNKNOWNS”

Total US Energy Production

Chinese Energy Consumption

BP Energy Outlook 2030. US figures in millions of tons of oil equivalent
UNKNOWNs: HOW TO ACHIEVE SIMULTANEOUSLY

• Energy services
• Geopolitical stability
• Environmental sustainability
• Good governance/human rights
• Poverty alleviation
• Cybersecurity
• Food security
SECURITY
ENERGY SECURITY

GEG EFFORTS TO ADDRESS ENERGY SECURITY

1. OPEC and International Energy Agency

2. G8 and G20 statements

3. International Energy Forum
ENVIRONMENTAL SUSTAINABILITY
PLANETARY BOUNDARIES

D. Narasimha Rao
ENERGY POVERTY
GOVERNANCE
HUMAN RIGHTS

Impact of extractive industries generally – Ruggie

Allegations of complicity:

- Shell in Nigeria
- Unocal in Burma
- CNPC in Sudan
WHY GLOBAL GOVERNANCE

Managing disputes

Coordinating markets

Coordinating technology development and diffusion

Managing externalities

Norms and standards
WHO ARE THE GOVERNORS?

Governments – all levels
Firms (private and state-owned)
IEA, Energy Charter Treaty, IEF, IAEA
G8, G20
EU, APEC, ASEAN
World Bank, ADB
Partnerships and Initiatives, e.g. UN Sustainable Energy for All (SEFA)
Advocacy organizations
UNDERSTANDING GLOBAL ENERGY GOVERNANCE
FIVE BROAD THEMES

Unprioritized objectives
Overlapping and partial institutional frameworks
Fragmented and weak governing bodies
Much of GEG happens within the nation state
New forms of governance beyond the state
1. FRAGMENTED AND UNPRIORITIZED OBJECTIVES

Trade-offs

- E.g. Energy poverty versus climate change

Can structural trade-offs be resolved and how?

- Technological change
- Institutional change

Weak mechanisms for resolving structural trade-offs

- G8/G20?
- UNFCCC (Climate negotiations)?
2. OVERLAPPING AND PARTIAL INSTITUTIONAL FRAMEWORKS

- Regime for nuclear (IAEA, NPT)
- Regime complexes for, e.g.:
  - oil markets (IEA, OPEC, IEF, JODI, ECAs, private),
  - clean energy finance (GEF, WB funds, potential UNFCCC fund, venture capital)
- Regimes and regime complexes not mapped to GEG objectives but to fuel sectors
3. FRAGMENTED AND WEAK INTERNATIONAL GOVERNING BODIES FOR ENERGY

IEA: closely tied to G8, but partial scope
OPEC: relatively ineffective even within narrow domain
UN: UN Energy and CSD process
Renewable energy (IRENA/REN21/REEEP etc.)
Organizational objectives, structures and influence reflect path dependence
4. MUCH OF GEG OCCURS *INSIDE THE NATION STATE*

- Domestic national policies and politics
- Channels from global to national – weakening? (e.g., MDBs)
- Re-assertion of state capitalism reinforced by rise of Asia – shift away from market reliance?
5. NEW FORMS OF GOVERNANCE

Networks of Cities

Private transnational authorities

• Berne Union for Export Credit Agencies

Disclosure mechanisms

• Carbon Disclosure project, Extractive Industries Transparency Initiative

Self regulation and codes of conduct

• Equator Principles

Questions: Authority? Legitimacy? Scale?
KNOWLEDGE, RISK, UNCERTAINTY

Familiar uncertainties, unknown unknowns, and governing complexity