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DECENTRALISATION KEY TO EMPOWERING ENERGY CONSUMERS

Digitisation and distributed energy resources are helping to facilitate a new trend of empowered consumers. Provided governments and regulators allow for it, consumers can play a key role in the grand energy transition, according to a new report by the World Energy Council.

This happening at a time when we are seeing a shift in final energy consumption with demand for electricity doubling globally by 2060.

The electricity sector is undergoing change at an unprecedented pace with the growth in distributed generation enhancing trends in decentralisation and decarbonisation, opening new opportunities and challenges for countries to balance the energy trilemma.

The World Energy Trilemma 2017: *'Changing dynamics - Using distributed energy resources to meet the Trilemma challenge'*, published by the World Energy Council, in partnership with global consultancy Oliver Wyman, a subsidiary of Marsh & McLennan Companies, has identified three key focus areas for policymakers and industry leaders to consider building a resilient energy system of tomorrow.

Philip Lowe, Chair of the World Energy Trilemma study group, said: "Policy makers need to adapt regulatory frameworks to the new opportunities opened up by decentralisation and to take account of the widening options for energy supply and use. While many challenges remain, it is difficult not to be optimistic about the potential for change that has been opened by decarbonisation, decentralisation and digitalisation in an overall context of electrification of final demand as outlined in the latest energy scenarios published by the Council.

"Decentralisation can empower local communities, firms and local communities, who produce energy through wind and solar installations of their own. The recommendations of this report attempt to present policymakers with clear choices and potential solutions to the Energy Trilemma which are in the interests of society as a whole."

The report highlights key findings emerging from interviews with energy leaders:

- **Distributed energy resources** are becoming increasingly important to the energy system
- **Changes in electricity supply structure** is expected to shift from a centralised to a hybrid model between 2017 – 2025
- **More than 50% of energy leaders** surveyed for the report expect a rapid increase in the share of installed generation capacity in their country to 15% or higher by 2025
- **Innovative market entrants** such as energy service aggregators, rural entrepreneurs and consumers are driving forces behind the increase in distributed energy resources
- **Energy storage** is becoming a key element of the grid of tomorrow

Joerg Staeglich, Partner at Oliver Wyman, said: “In an increasingly crowded marketplace, the providers most likely to capture a competitive position will be those who can offer customers’ choice in accessing or using energy, or by offering ways to simplify customers’ lives, for example through digital home services.”

This report will provide the foundations for discussions at COP23 in Bonn, where it will be launched on 15 November.

Speaking ahead of the COP23 meeting, Christoph Frei, Secretary General of the World Energy Council, said: “The energy sector is at a transition point and faces a number of growing challenges. While the transmission and system operator function will become even more critical, it’s role and asset base will have to adapt. Governments and regulators need to plan for the transition and anticipate its likely impacts on the energy system and market actors. Countries that do not take the necessary steps to integrate distributed energy resources will face potential infrastructure redundancies and investment challenges that will adversely affect their Energy Trilemma performance.”

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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.

South African National Energy Association (SANEA)

In its capacity as the South African Member Committee of the World Energy Council, SANEA is positioned to provide an important service to SANEA members. SANEA is the vital connection between South African energy interests and the global network of World Energy Council members.

SANEA is authorised to access the various studies and programmes of the Council and extract relevant knowledge and learning for adaptation and application in the South African context.

Equally well, by actively engaging in the work of the Council SANEA is able to inject South African perspectives and experiences, creating global awareness of the opportunities and challenges available in the South African Energy Sector.

The World Energy Council knowledge networks offer enriching information for all participants and are a source of global intelligence for all who actively engage.

This global resource is an intrinsic part of SANEA membership, at all grades, and there is no additional fee.

South Africa is featured on page 116 of the World Energy Trilemma Index.

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