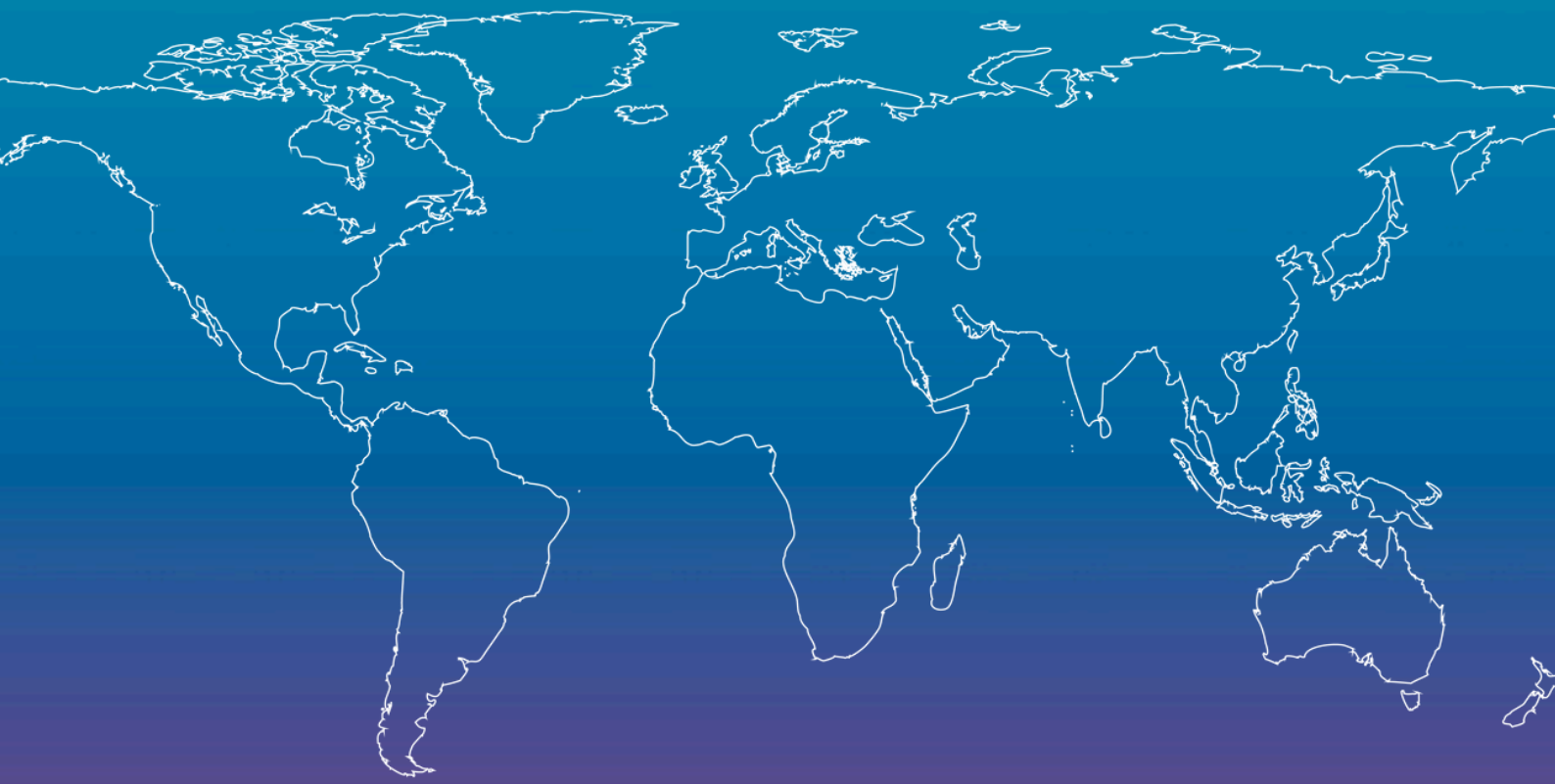
GLOBAL COMMUNICATIONS ALLIANCE

Global Energy Report



Introduction

Welcome to the inaugural Global Communications Alliance (GCA) State of World Energy Report.

The GCA is a diverse network of agencies, spanning seven continents and consisting of 17 members. We are united by shared values and communications services, but also by one sector more than any other – energy.

Energy means different things to different people. Warmth, power, security, climate change, innovation, decarbonisation, industrial renewal and the cost of living are all key concepts that are associated with a sector that is undergoing rapid change, and finds itself increasingly in the headlines around the world.

In this report, the GCA's expert energy communications consultants across the globe assess the lay of the land in their nation, covering the overall context as well as the key issues of the moment. In so doing, they reveal many commonalities – energy security, grid reform and maintaining consumer confidence in the energy transition are key topics throughout the world in 2024 – but there are also significant regional variations.

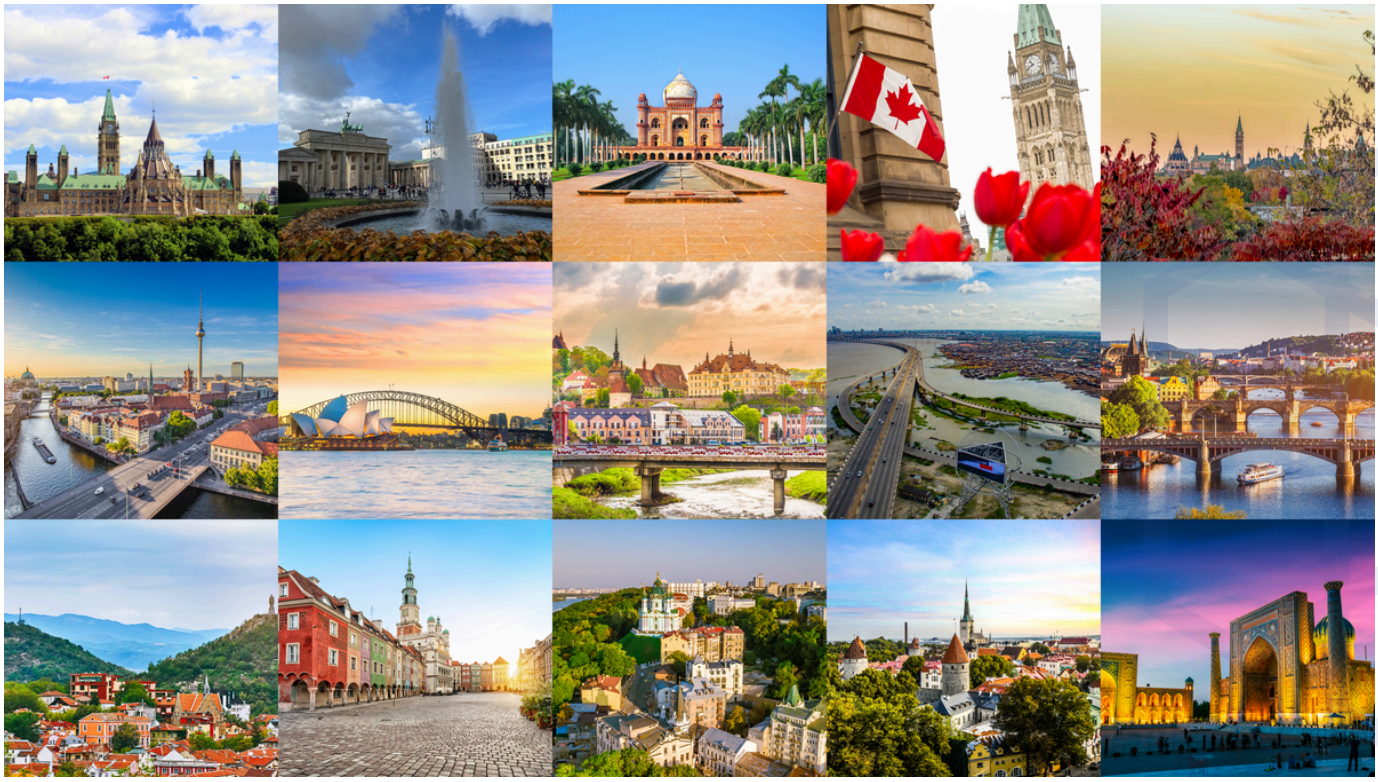
In the face of such complexity, change and scrutiny, organisations in the sector require expert partners to help navigate the political and media pitfalls associated with building and operating energy assets.

These expert partners are the authors of these pages, and we hope you will enjoy reading this report.

About the GCA

Founded in 2015, the Global Communications Alliance (GCA) is a network of proudly independent communications agencies. As leaders in corporate communications, PR, public affairs, digital communications and reputation management, the GCA has a strong track record of mobilising its consultants to combine international cross-sector expertise with local knowledge and insights – providing impactful support for organisations around the world.

Spanning Europe; the United Kingdom; North, South and Central America; Africa; and the Asia-Pacific, the GCA's members are bound by strong values and share a commitment to excellence, collaboration and innovation.



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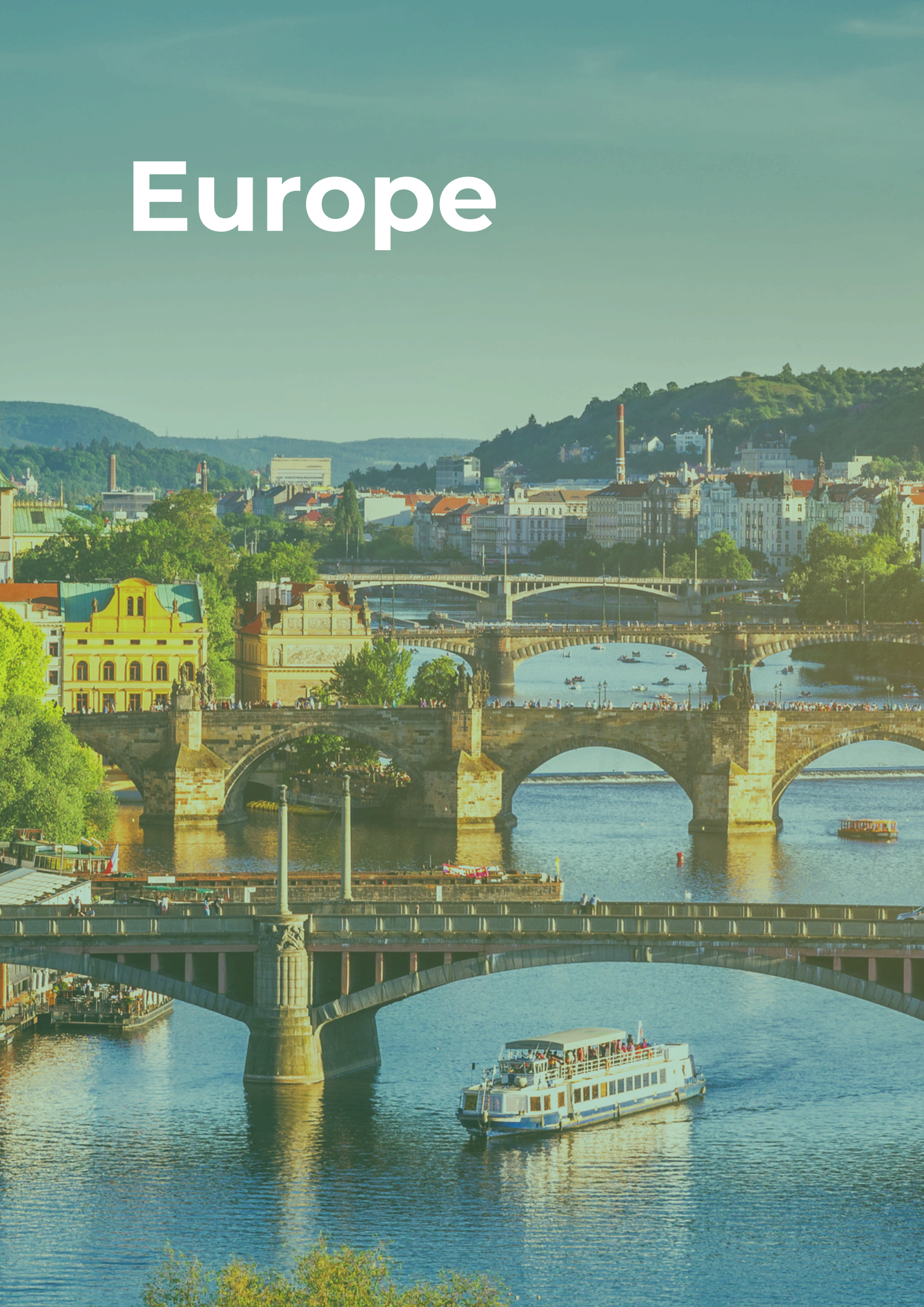

Country: United Kingdom

Patrick Cousens, Head of Energy & Sustainability, PLMR

Overview

In 2024, the UK closed its last coal fired power plant, making it the first G7 nation and industrialised country to achieve this goal.

Last year, fossil fuel generation in the UK fell by 22% to its lowest level since 1957. Renewables continue to expand, and zero carbon sources (including nuclear) accounted for 51% of all electricity used in the UK in 2023.

Despite the growth in renewable energy capacity, Britain imported a record amount of electricity from Europe in 2023, spending more than £3.5 billion on power from France, Norway, and Belgium. These challenges of intermittency and security of supply will become more acute as gas and nuclear assets come offline in the years ahead, whilst the economic benefits of the transition have often been returned to foreign businesses and investors rather than UK billpayers and companies at home.

A new Labour Government, elected in July 2024, has promised to make the UK a 'clean energy superpower', retaining more of the economic benefits of the transition, whilst setting an ambitious target to reach clean power by 2030. They have made a fast start, with a raft of policy and new bodies being established, but the road to achieving this target is fraught with challenges and difficult choices.

Key issue 1: Centralised power for a decentralised system

The growth of renewable energy has seen an increase in decentralised, distributed power generation - but at the same time there is an increasing tendency towards centralisation of a different type of power - decision-making.

Nowhere is this seen more acutely than the formation of the National Energy Systems Operator (NESO), formerly the National Grid Energy Systems Operator (NGESO). NESO is now publicly owned, and has been tasked with not only balancing supply and demand in real time, but also undertaking significant central planning functions for the energy system moving forward.

At the heart of this are two commissions - 2030 Clean Power, and the Strategic Spatial Energy Plan (SSEP). The 2030 brief will see NESO advise government, including its dedicated 2030 Clean Power Commission, on pathway scenarios to achieve the target at rapid pace - with the Commission to then advise on the decisions that need to be taken by government. SSEP, meanwhile, will report in 2026 on what infrastructure is needed, where, and when, to deliver an efficient energy system that can meet growing demand right through to 2050.

In addition, the new government is establishing a state-owned energy company, GB Energy, which it hopes will one day rival the likes of EDF, Orsted and Vattenfall as a major owner and operator of energy assets - particularly less mature, high potential technologies such as floating offshore wind. There has rarely been a time when the direction of the sector, and by extension the economy, will rest so profoundly on active decisions made by a variety of publicly paid individuals - and not on the movements of the market - creating both opportunity and risk for organisations operating in the sector.

Key issue 2: Grid and connections reform

An increasing proportion of renewable generation, often in more remote locations, is putting pressure on the UK grid, leading to rising network costs and making system management more challenging. At the same time, new generation sources - in addition to other major infrastructure projects requiring connections - can be stuck in gridlock for up to 15 years, as the UK's electricity grid struggles to keep pace with demand, and 'zombie' projects which won't be delivered slow the connections queue.

In response, the National Energy System Operator (NESO) is running a process to deliver a complete reform of the consenting regime, with a view to streamlining approvals. Significantly, this is expected to see the process move from 'first come, first served' to 'first ready and needed, first connected' - but the question of what is needed - and who decides - remains to be seen. The regulator, Ofgem, will rule on these proposals in early 2025. However, this is likely to align with the government and NESO's central planning objectives, delivering significant changes (and increasing politicisation of) the connections process.

Regardless of the proposed benefits of the new process, the real blocker is the need for actual physical infrastructure; in particular the wires, poles and pylons needed to transport energy around the country. Huge investment is required here - but this is the (relatively) easy bit. There are still planning challenges to navigate, whilst maintaining the buy in of the public will be also be key - and simply sourcing enough trained engineers -at a premium across the country - will be a considerable hurdle.

Key issue 3: The transition comes home

Increasingly, the years ahead will see the energy transition move from something 'out there' to something taking place inside people's homes - as their gas boilers become heat pumps, cars become electric, and consumers become 'prosumers' - people will be expected to play a bigger role in providing flexibility, whether they know it or not.

Whilst polling suggests the public are broadly ready for these changes, the reality is that they will only achieve widespread acceptance if they help to reduce consumer bills. Given the investment required - and growing complexity of the system - this is far from guaranteed.

Additionally, whoever wins in November, the Conservative Party will be led by a net zero sceptic, who, alongside a growing right-wing Reform movement, will ramp up opposition to the transition. Maintaining public confidence in the Clean Power mission will require smart communications from both government and industry.

Things to watch

One of the most important decisions that the government has to make in the period ahead is whether and to what extent to move towards a localised pricing model for electricity, which would see lower power costs for (at least) businesses and industry situated closest to generation assets, and potentially households too, rather than a flat rate across the country.

The proposals have many backers, not least in Scotland which produces a significant and growing amount of wind power, but many in industry are concerned about how such a radical shake up in the market could impact investment decisions at a time when so much new infrastructure is required to hit clean power targets and meet growing demand.

The government will make this call in 2025, alongside other momentous decisions on the future of the market, advised by the NESO commission. The year ahead will be nothing if not interesting.

The UK has long looked to other countries, including Germany and Denmark, not only for lessons for transitioning certain sectors, but some of the risks and backlash too. Yet the country now charts a bold and, to some degree, uncharted course. How next few years play out will be instructive to governments globally.

About PLMR

PLMR is an award-winning communications agency with headquarters in Westminster, at the heart of British politics, and with offices dispersed throughout the country in Birmingham, Coventry, Ipswich and Glasgow. Our team of experts has worked at the highest levels of media and politics, and are widely regarded as some of the best in the industry.

Our specialist energy and sustainability practice delivers integrated public affairs, PR and communications support. We achieve outstanding results for clients ranging from FTSE 100 giants to innovative start-ups leading the march towards a greener, cleaner and more efficient economy. PLMR is consistently recognised as one of the leading communications firms working in energy and sustainability across the UK.

Country: Germany

Christiane Heddenhausen, Director, navos
Hilmar Girnus, Senior Consultant, navos

Overview

The German energy market has been shaken up over the past two years. Russia's war of aggression against Ukraine put the spotlight on security of supply, and the energy transition had to take a back seat. Now, after two years without Russian gas, the transition to green energy is back in the spotlight. Germany wants to be carbon neutral by 2045 and reduce greenhouse gas emissions by 65% by 2030 compared to 1990. This will require major investment in renewable energy, and previously taboo topics such as carbon capture and storage are becoming a reality.

Key issue 1: Ensuring the security of supply

In 2023, renewables accounted for more than 50% of gross electricity consumption for the first time, and the aim is to cover at least 80% of electricity consumption with renewables by 2030. This can only be achieved by massively increasing renewable energy production capacity and expanding energy grids to transport energy from the north, where most wind power is produced, to the south, where most of the industry is located.

Key issue 2: Development of a core network (hydrogen and CO2 transport infrastructure) & hydrogen imports

The development of large-scale hydrogen infrastructure is the second pillar on Germany's road to climate-neutrality by 2045. A "core network" of 10,000 kilometres, partly consisting of converted fossil gas pipelines, is to connect major industrial centres, storage facilities, power stations and import gateways until 2032. The National Hydrogen Strategy also aims for a domestic electrolysis capacity of 10 GW by 2030, but most of the (green) hydrogen will have to be imported.

Key issue 3: Decarbonisation of German industry

Germany's energy-intensive industry faces the challenge of decarbonisation to remain competitive and meet climate targets. Industries such as steel and chemicals still rely on fossil fuels and are responsible for a significant share of German greenhouse gas emissions. Decarbonisation is closely linked to the first two issues, as it depends on the availability of (affordable) renewable electricity and low-carbon hydrogen. Furthermore, carbon capture solutions are needed to tackle hard-to-abate emissions, e.g. in the cement industry.

Things to watch

Several new policies are expected to drive forward the energy transition in 2024.

In March, the grid development plan for the expansion of the electricity grid was approved by the Federal Network Agency. It includes a total of 123 new measures with approx. 4,800 additional kilometres of transmission lines. The legal framework for its implementation is being created this year, while the transmission system operators have already started the planning phase.

The long-awaited carbon management strategy was published in February this year, with the German Federal Ministry for Economic Affairs and Climate Action highlighting the important role CCS and CCU technologies are expected to play in meeting the country's ambition to reach carbon neutrality by 2045.

After years of strong opposition, the political consensus has shifted, and CCS is now seen as a necessary technology to meet Germany's climate targets. However, points of contention still remain. The first is whether CO2 should be stored under the German North Sea, or only exported to northern countries where the necessary infrastructure is already more advanced. Even more controversial is the question of what CCS should be used for. While there is widespread support for its use for hard-to-abate emissions, its use to capture emissions from gas-fired power plants is viewed much more critically. Opponents fear it could prolong the fossil age and sabotage the transition to renewables.

The heating sector has long been neglected in the energy transition. Although it accounts for more than half of Germany's energy consumption, only 17% of this is covered by renewable energies. The controversial Building Energy Act and the Heat Planning Act, both of which came into force on 1 January 2024, have brought this into focus. Municipal heating plans will be drawn up by 2028, dividing communities into zones that will be supplied with decarbonised district heating and zones where individual solutions, mostly heat pumps, will be used.

As is the case across much of the world, there is a notable level of political uncertainty within Germany. For the first time in its history, the Alternative for Germany (AfD) has won a state election, signalling a shift in the German political landscape. The AfD has previously advocated for ending major climate action initiatives and has opposed the Paris Agreement. However, the party is unlikely to form a state government due to its lack of a majority and the refusal of other parties to collaborate with it. Nonetheless, these results underscore the growing domestic support for climate-sceptical views. The upcoming state elections—and the performance of the AfD—will be pivotal in determining the direction of Germany's climate action and energy policies.

Today, only 14% of households are supplied with district heating, of which only 20% generated from renewable sources. To decarbonise and expand this geothermal energy is coming into focus: it is a weather-independent, inexhaustible and carbon-neutral energy source, and heating plants can be connected to the existing heating grid. Several projects are underway, particularly in southern Germany, where geological conditions are particularly favourable. And, despite being seen as just a X technology, decision-makers across the political spectrum, including Chancellor Scholz, are pushing for it to play a bigger role in the future.

About navos

We are navos Public Dialogue Consultants. As a communications agency, we specialise in explaining things and shaping dialogues. Especially when things get difficult. We are convinced that change only succeeds through dialogue. Our more than 100 consultants like to grapple with challenging, complex issues. We offer strategic communications advice and effective execution across the spectrum, including for the energy transition, digital transformation and societies in evolution. Via all channels. In dialogue with a very wide range of stakeholder groups. Nationally and internationally. We do this both remotely and from our hubs in Berlin, Düsseldorf and Hamburg – and, most importantly, as one team eager to shape transitions and communicate change.

Country: The Netherlands

Luka Kors, Communications Advisor, Bijl

Overview

In the Netherlands, we mainly use natural gas, coal and more sustainable energy sources such as wind and solar power, but due to electrification, we are also dealing with an overload on the power grid. While 80% of the Dutch demand green power, the demand for green power far exceeds production. As a result, private initiatives like heat pumps and solar panels have become very popular. For example, in 2023, over 150,000 heat pump units were sold, representing a 53% increase from the previous year. Additionally, the Netherlands leads Europe in terms of solar panels per capita, and an added benefit of these solar panels is that the extra energy generated is offset against the energy bill. Because of the increase in households with solar panels, the costs are recovered by suppliers elsewhere. Often, tariffs go up, or other costs are incorporated into higher connection charges. People without solar panels then also pay the price. The Netherlands is also investing heavily in hydrogen. It is already being used on a small scale, and now companies in the industry are working on plans to implement it on a large scale. Since hydrogen has to be carried by ammonia, a potentially toxic and explosive-sensitive substance, this also leads to resistance in the areas.

Key issue 1 - Grid Congestion

The problem of grid congestion has become increasingly urgent in recent years due to a combination of factors such as the energy transition, growing demand for electricity, and the increase in decentralized generation (such as solar and wind power). Especially in densely populated and economically active areas, grid congestion is severe. As a result, new businesses often cannot be connected or expand due to a lack of grid capacity. As of May 2023, over 5,600 applications were pending in the load interconnection queue of network operators in the Netherlands. Of these, 2,200 are for new connections, while the rest are requests for extensions to existing services.

In addition, grid congestion affects the connectivity of new and expanding residential areas. Grid congestion in the Netherlands poses a significant challenge to energy transition and economic development. Although various measures and investments are being made to increase the capacity of the electricity grid, it will take time and cooperation between the government, grid operators, and market parties to address these problems effectively.

Key issue 2 - Net Metering Scheme and Feed-in Charges

For years, solar panels have been unstoppable, and a many households are equipped with solar panels. The Netherlands leads the world in the number of solar panels per capita.

This is partly due to the net-metering scheme. This scheme allows households and small businesses to offset self-generated electricity that they do not currently use and feedback to the electricity grid against their own consumption. The bill states that owners of solar panels will receive compensation for electricity they cannot balance. Meanwhile, there has been much criticism of the current net-metering scheme, and there is much talk of abolishing it. The scheme dates back to a time when the purchase of solar panels was hugely encouraged and brought many financial challenges.
Since mid-2023, energy suppliers have begun introducing feed-in fees for solar panel owners. These fees are charged for the electricity that households and businesses with solar panels deliver back to the grid. The amount of the feed-in charge varies by energy supplier and can vary depending on the contract and the amount of electricity fed back.

The new cabinet has announced that the solar panel net-metering scheme will be abolished entirely from Jan. 1, 2027. In recent months, more and more large energy companies have started charging feed-in fees. The introduction of feed-in charges is intended to more evenly distribute the costs of operating and maintaining the electricity grid between households with and without solar panels.

Key issue 3 - Dynamic tariffs

More and more energy suppliers are offering dynamic energy contracts. These contracts adjust the electricity price based on hourly rates in the energy market, which vary throughout the day. Consumers can benefit from lower rates during off-peak hours, which is especially beneficial for households with flexible energy consumption, such as charging electric vehicles or using household appliances during cheap hours.

Dynamic tariffs can encourage consumers to shift their energy consumption to times of high renewable energy production, such as wind and solar power, which helps to balance the energy grid and reduce grid congestion. Smart meters and energy apps enable consumers to gain real-time insight into their energy consumption and costs, allowing them to better respond to changing rates. Dynamic tariffs are seen as a step forward in energy market flexibility and support the transition to a sustainable and stable energy system.

Key issue 4 - Hydrogen

Work is clearly being done on the new energy source, hydrogen. However, transporting it is not entirely without risks. Ammonia is the hydrogen carrier, and this substance is potentially toxic and explosive. The Dutch industry already has experience in its use and storage. However, this concerns small quantities, and there is little experience with large quantities. Local residents are highly critical of the large-scale use of ammonia and feel that the government authorities are insufficiently prepared.

Things to watch

Sentiment: There is a lot of uncertainty among consumers; they are not sure what suits them best. The Netherlands Authority for Consumers & Markets also warns of deception in this market.

Many suppliers are looking for other solutions and focusing on behavioural change. We need to start using the grid differently: using more when the sun shines, for example, or charging the car at different times than at night. Dynamic pricing may become popular. Several providers already advertise with it. These are energy suppliers that offer electricity based on hourly dynamic tariffs. Prices can fluctuate a lot in a day because of this, and therefore, it is useful to automate large-scale electric consumers based on prices and energy overproduction. The government financially supports energy-efficient investments of companies with tax benefits from the EIA scheme. Thus, it gives an impetus to save energy, reducing CO2 emissions and using renewable energy. In 2024, we look forward to the development of new energy sources alongside how quickly hydrogen is already developing as the energy source of the future. New wind farms are being built, but they fall far short of what hydrogen can do for the energy transition. It is up to the licensing authorities, safety authorities and companies to develop this as safely as possible.

About Bijl

Building, guarding and strengthening the reputations of companies and organisations is what we do at Bijl PR. We help our clients tell their stories. In the right words, at the right time, to the right people. And by continuing to keep an open dialogue with what surrounds us. Results are the most important. It is not one size fits all, but it is always a tailor-made approach. From traditional to experimental and unconventional, you can’t miss it. Within the energy sector, Bijl PR works for energy supplier Greenchoice and several industrial companies that work with hydrogen, among other things.

Country: Romania

Emma Manolache, Government affairs and Public Policy Advisor, Aretera Public Affairs, Romania.

Overview

Romania's strategic position and energy resources have become increasingly important in the volatile context of the last two years, characterized by the Russia-triggered war in Ukraine. From a political and geopolitical standpoint, Romania serves as a nexus of energy stability for both a war-affected Ukraine and the unstable Republic of Moldova. It has been a critical element in the energy crisis regarding the supply of energy, alongside natural gas and oil, to these countries in an emergency regime. The second largest natural gas producer in the EU and on its way to becoming the first producer through its Neptun Deep project in the Black Sea from 2027, Romania is also a recognized force in the nuclear field and thoroughly adding new production capacities in terms of renewable energy (solar, wind). By 2050, authorities estimate that Romania's national energy mix will consist of 86% renewable energy, complemented by low-carbon energy such as nuclear energy.

Romania has made significant strides in developing natural gas, electricity production, transport capacities, and its connections with neighbouring countries. The country is actively decarbonizing and limiting greenhouse gas emissions until 2030, with a clear path towards achieving net zero emissions by 2050. Romania's long-term strategy for reducing greenhouse gas emissions proposes options for decarbonizing each sector, from energy, transport, agriculture, and residential heating to waste or forestry. Having already reduced emissions by 62% compared to 1990, Romania is well on its way to becoming climate-neutral in 2050.

The country is benefiting from different EU funds for clean energy and the green transition that international investors seek, the most notable being the Modernisation Fund and the National Plan for Recovery and Resilience (including the REPowerEU chapter). Also, after many years of lacking a National Energy Strategy, Romania is expected to have one in 2024, including provisions dealing with cybersecurity for the energy sector as critical infrastructure in the context of multiplying cyberattacks on the energy sector.

At COP 28, Romania joined the International Solar Alliance, underscoring the country's enormous potential in solar capacities - up to 18 - 20 GW, according to studies. This potential positions Romania as the largest solar power producer in south-eastern Europe. By diversifying its supply, investing in production and transport capacities, and providing security of supply to the CEE region, Romania is on the path to becoming an energy hub. The country's commitment to various clean energy sources and strategic project development is a testament to its dedication to ensuring the transition to a sustainable economic model.

[1] Government Decision no. 1215/2023 regarding the approval of Romania's long-term strategy for reducing greenhouse gas emissions - Neutral Romania in 2050

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Key issue 1: Energy security and energy supply

Romania's potential to serve as a regional and European energy security provider stems from its diverse electricity mix—natural gas, nuclear, hydro, wind, solar, and coal—combined with its strategic geographic location and extensive gas transmission infrastructure. Romania has supplied emergency energy to neighbouring countries and actively supports the Republic of Moldova's integration into the EU energy market. This includes advancing interconnection projects for national natural gas and electricity networks, as well as other initiatives aimed at strengthening Moldova's energy security, as outlined in a recently signed Memorandum of Understanding (MoU). Additionally, Romania's state-owned Transgaz has taken over Moldova's gas transmission system operator from Gazprom. Hydropower remains Romania's largest renewable resource in the green energy sector, with significant developments this year, including the region's largest IPO for 20% of Hidroelectrica shares. Secondly, the Romanian government also unlocked one of the biggest and most ambitious projects by kickstarting feasibility studies and seeking investors for the new hydro-pump storage plant Tarnita-Lapustesti. The project encountered several delays. The hydro pump storage production capacity has an installed capacity of up to 1,000 MWh and will help balance the energy system and respond to storage insufficiency.

The Black Sea's energy potential will be realized once the Neptun Deep project becomes operational, with the first gas expected in 2027. According to recent estimates, production is projected to reach up to 8 billion cubic meters annually in the coming years. OMV Petrom and Romgaz are set to invest up to 4 billion euros in the project's development, which is expected to yield around 100 billion cubic meters of natural gas. Critical contracts for the main contractors and most construction phase services have already been signed, with work slated to begin in 2025.

Another strategic investment prepared by Romania in the energy transport sector is the High Voltage Direct Current Interconnector (HVDC), which will cross the country from East to West. The so-called Green Energy Corridor project will connect four countries - Azerbaijan, Georgia, Romania and Hungary. With a capacity of 5 GW, it will be situated on the BRUA gas corridor and the future Tuzla-Podișor line. The four governments signed a MoU, and the attribution of the feasibility study will follow. With a 2030 horizon, the project will ensure the stability and security of the supply of clean energy to Europe. The project will modernize Romania's electricity transmission network. It will also ensure the transport of electricity that will be generated in the East of the country (after the completion of Romania's investments in Units 3 and 4 of the Cernavodă Nuclear Power Plant and offshore and onshore wind turbines in the Dobrogea area). The project will integrate the regional and European energy markets and increase the potential for exporting electricity to neighbouring countries.

Key issue 2: New technologies (SMR & hydrogen)

Romania is set to become the first country in Europe and the second globally, after the US, to install Small Modular Reactors (SMRs) at Doicesti in Dambovita County, with a capacity of 462 MW. This project is a collaboration between Romania's state-owned Nuclearelectrica and the American company NuScale Power. By advancing this SMR project, Romania aims to position itself as a regional leader in developing these technologies and their related supply chains. Other countries, like Poland, are expected to follow suit. The project is slated for completion between 2028 and 2029.

Additionally, continuing a long tradition in nuclear energy, Romania will build two additional nuclear units in Cernavoda, with US and Canadian support, and still use CANDU technology, as in Units 1 and 2 at Cernavoda. The two new reactors will add 700 MW capacity each in 2030 and 2031, representing a key project for the country and region.

From May 30, 2024, the law for offshore wind development entered force (Law 121/2024). The wind potential in the Black Sea is estimated by the World Bank at 76 GW (22 GW in the form of fixed turbines and 54 GW in the form of floating turbines) and benefits from significant interest from the industry. In parallel, since April 2024, the Romanian state has put in place the legal framework for implementing and operating a CfDs support scheme for technologies with low carbon emissions: solar, wind, hydro, nuclear, hydrogen, and storage.

The duration of support through the CfD scheme will be a maximum of 15 years. Contracts for Difference will be offered to eligible producers through a competitive bidding process run by Transelectrica, the national grid operator. The financing is from the Modernisation Fund. In March 2024, the European Commission approved the EUR 3bln Romanian CfD scheme to support installations producing electricity from onshore wind and solar photovoltaic - 5000MW green energy (3000 MW solar parks and 2000 MW wind parks), for which the auctions will be opened this year and next year.

Hydrogen has become another key area for the energy sector, and the Ministry of Energy has launched a National Strategy for Hydrogen (currently in the drafting stage). Among the key general objectives are the decarbonization of industry and transport, the production of renewable hydrogen, and the development of green hydrogen technologies.

Key issue 3: Role of the prosumers

According to the National Energy Regulatory Authority, on December 31, 2023, 110.355 prosumers connected to the grid, with a total of 1.442 MW, including state-supported prosumers. Through the "Photovoltaic Green House" program, an increasing number of households are interested in becoming prosumers, with policymakers looking to protect the grid's capacity. On January 31, 2024, there were 114,109 prosumers and 1,502 MW. If this growth rate is maintained at 4,000-5,000 prosumers per month, the estimate is that by the end of 2024, there will be 200,000 prosumers. At the same time, further changes to the energy law are expected due to the prosumers' imbalances and pressure on the electricity grid.

Things to watch

2024 is a year dominated by European, parliamentary, local, and presidential elections. The electoral campaign will most likely pause the most important topics, though several developments regarding the National Energy Strategy and the Hydrogen Strategy could slowly advance. Additionally, Romania has to review and adopt the National Integrated Plan in the field of Energy and Climate Change.

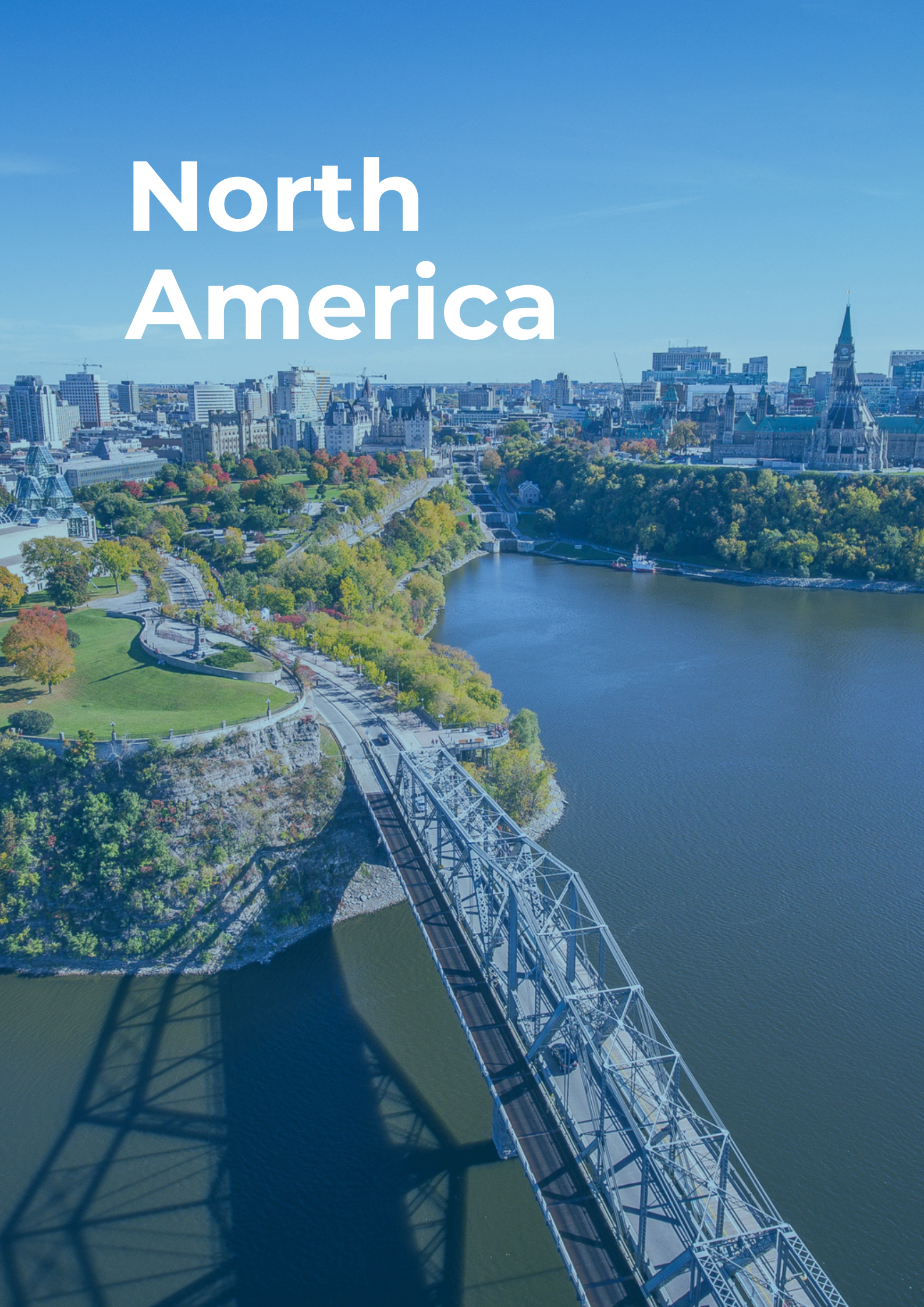
From an energy affordability point of view, all Romanian consumers (not only the most vulnerable ones) will continue to be supported through compensation schemes despite budget difficulties. The government amended the capping and compensation scheme. The new scheme will be in place from April 1, 2024, and will continue until March 31, 2025.

Romania will continue to sustain and develop its solar capacities, given that the country is at an early stage compared to its potential. The pace of development and investments in this field is accelerating, and the power installed in the photovoltaic and wind parks in Romania will increase significantly. According to Transelectrica's CEO, more than 15,000 MW will be installed in wind and solar alone in 2030.

About Aretera

Aretera is a leading independent public affairs advisory firm operating across Central & Eastern Europe, Turkey, Ukraine, Central Asia and a growing number of global emerging markets. We advise a wide range of leading multinational corporations, providing expert counsel on all aspects of public policy, public affairs and reputation management. With a diverse team experienced across the legal, regulatory, policy and media landscapes, it helps clients navigate often complex and opaque markets. The leadership team brings decades of regional experience across the corporate and agency world, combining international, cross-market expertise with local industry leaders in our countries of operation. Aretera’s experience includes digital/ICT, healthcare, agriculture, FMCG, financial services, infrastructure, automobile, platform economy, micro-mobility and beyond.

North America



Country: Canada

Geoff Turner, Vice President, Bluesky
Greg Loerts, Consultant, Bluesky

Overview

Historically, Canada's energy resource economy was built on oil, gas, and coal, with electricity systems long invested in hydro-electric and nuclear power in the most populous provinces, where high-value manufacturing and supply chains are located. Constitutionally, Canada's thirteen provinces and territories have ultimate jurisdiction over resource development and energy grids, while the federal government has established jurisdiction over carbon emissions as a pan-national problem. This was affirmed by the Supreme Court following provincial objections to carbon pricing and regulation.

As Canada transitions through 2030, 2040 and net-zero by 2050 commitments, it is attempting to balance climate ambitions with energy jobs and costs and maintain economic growth, while becoming the ESG-leading source of energy products for allies and global markets. To fuel a low carbon manufacturing/resource economy and meet sales mandates for zero emission vehicles for consumers and soon commercial and industrial ones, electricity demand is set to triple by 2050. Coal generation has effectively been phased out in Canada, while natural gas will be more heavily regulated under controversial proposed federal regulations severely limiting use of emissions generating sources by 2040. Hydrogen production, carbon capture, utilisation and storage (CCUS) and renewables-powered industry are also heavily subsidised with investment credits, gaining early strength in a future-oriented market. Additional LNG export and new low-carbon ammonia supply chains are also key opportunities poised for growth to meet other nations' needs.

Key issue 1: Solidifying Canada's energy industry identity

With the third largest oil reserves and fourth largest production globally, Canada is a traditional energy powerhouse. A new, but contentious TMX pipeline for crude export via the Pacific Ocean has recently come online, increasing revenue and reducing dependence on US markets, plus new potential investments on the horizon for Pacific LNG export facilities to meet global demand. Energy-intensive production results in 27% of Canada's total carbon emissions from the oil and gas sector. How Canada manages to cultivate both traditional and new energy sectors within a net zero framework is a key strategic challenge in the coming decades.

Canada and some provinces have significant incentives for CCUS, in particular aimed at major emitters in oil and gas, petrochemical and cement production. Canada is also heavily subsidizing investment in clean fuels, blue and green hydrogen, nuclear/SMR, renewable deployment, clean technology and ZEV manufacturing, critical mineral projects and all associated supply chains – seeking to secure its place on the clean-industry and resources leaderboard.

Key issue 2: Attracting investment (relative to the US Inflation Reduction Act) and acute global security issues

As a federation with distinct and entrenched powers split between multiple levels of government, major project investors are consistently identifying over-regulation and permitting confusion and delays as a significant impediment to investment, especially in projects intended to meet emerging opportunities. Compounded by significant, more lucrative incentives under the US IRA, and a European market investing in urgent decoupling from Russian energy, Canada struggles to ensure the ROI and timelines are robust enough to attract major global investment capital away from other foreign competitors and opportunities.

Key issue 3: political risk

An election expected in 2025 will be a bitter contest, with repeal of signature climate policies at the centre of proposals from the poll-dominating Conservative opposition to the Liberal government. Under pressure from inflation and high interest/mortgage rates, cost of living increases are roiling the incumbent government. A population tiring of climate and social virtue espoused by the Liberals, is moving away decisively in the face of harder living conditions and fear of backsliding generational wealth. The main opposition is stoking these anxieties and promising relief through a roll-back of climate policies portrayed as restricting the economy and impacting household budgets.

Things to watch

Political tensions are high in the minority government however observers continue to see them capable of surviving through to mid-2025. Prime Minister Trudeau is facing withering pressure to step away, but in either scenario the government has options for survival in this timeline. As such, investment through bespoke and programmatic funding or financing, and regulatory processes, continue to be in play. This offers actionable opportunities for interested parties and investors, as well as an important period for strategic engagement with possible future government policy setters.

Pre-emptive changes by the Liberals to the carbon pricing system to respond to public anger, coupled with the potential to achieve a world-first, pragmatic CCUS agreement to set the course for a globally leading ESG status of the oil and gas industry, could be major dynamic changers.

On a policy basis, Canada continues to hold out major interest in expanding its domestic mining and critical minerals opportunities. This includes in support of its significant integrated automotive supply chain with battery and ZEV component production under the umbrella of US-Canada-Mexico free-trade provisions, or where precarious supply from Russia and China or other non-aligned nations is considered a strategic threat to allied supply chains.

Additionally, while traditional renewables continue to grow their share, nuclear energy is experiencing a renaissance in Canada. Dropping the hesitation of the post-Fukushima era, federal and provincial governments are increasingly supportive and embracing the economic and climate benefits of significant, emissions free baseload from traditional nuclear, and remote region or major project based small modular reactors (SMR). As an early global leader in nuclear development (e.g. CANDU), there are existing advanced manufacturing and engineering capacities for traditional plants, while Canada also hosts three of the leading developers of SMRs, and a robust regulatory system that is actively adapting to streamline SMR and general development for the future. The province of Ontario recently announced the intention to commence new additional reactor projects at Bruce Power (the largest nuclear station in the world, recently refurbished) and refurbish others currently operating at end of life at the Clarington station. Ontario, Alberta, Saskatchewan, and New Brunswick also have programmes and policies to expedite the development of SMRs.

About Bluesky

Bluesky Strategy Group (Bluesky) is a full-service, bilingual public affairs firm located steps from Parliament Hill in Ottawa, established in 2003. Our team of consultants provides clients with high-quality government relations and strategic communications service, digital outreach and campaign design, and media relations and training. Bluesky develops creative and effective public affairs strategies and digital campaigns that amplify our clients' priorities, impact and inform the public and policy conversation, and achieve identified objectives clients need solved.

Bluesky is a proud member of the Global Communications Alliance and the Canadian Council for Aboriginal Business.

Country: Mexico

Ernesto López, Corporate VP and Public Affairs, alterpraxis

Overview

Mexico's energy sector has witnessed a series of challenges and transformations in recent years, and 2024 is no exception. From the opening of the energy market in the last decade, to efforts to diversify the country's energy mix, Mexico faces a series of challenges that demand attention and action from government, business, and social stakeholders.

Mexico Energy Reform (the new energy model) has created important opportunities, positioning the country as one of the most attractive markets for foreign investment compared to other emerging nations.

During the six-year term that is about to end, there was some reticence towards private participation in the sector; however, the need to change this approach and show openness to foreign investment has begun to be recognized.

During his administration, President Andrés Manuel López Obrador introduced many regulatory and security uncertainties that impacted the stability and growth of the energy sector, which affected investor interest.

The new president, Claudia Sheinbaum, faces a challenging economic landscape, with a steeper climb than the one AMLO faced in 2018. In this context, she has the opportunity to establish the infrastructure, legal, and regulatory conditions necessary to make Mexico an attractive destination for new investment. It will be revealing to observe whether Sheinbaum has the autonomy and independence to implement her own energy agenda and capitalize on the favorable conditions Mexico currently has.

It is worth noting Sheinbaum's background, as she worked as an environmental scientist prior to entering politics. She has authored over 100 articles and two books on energy, the environment, and sustainable development, and also has contributed to the Intergovernmental Panel on Climate Change (IPCC). Her policies, particularly in relation to energy, will no doubt reflect her experience as a environmental scientist.

The need for energy infrastructure is evident, especially in border regions where the lack of supply could hinder new investments not only to expand the current Generation Park but also for the growing wave of nearshoring. Decarbonization, digitalization, cost pressures and geopolitical uncertainty are just some of the factors transforming the market. This poses challenges and opportunities for companies in the energy and resources industry.

Key Issue 1: Dependence on Hydrocarbons:

Despite efforts to diversify the energy mix, Mexico remains highly dependent on hydrocarbons, both in terms of production and consumption. The fall in global oil prices and the need to reduce greenhouse gas emissions pose a significant challenge for the country as it seeks to balance energy security with environmental sustainability.

Key Issue 2: Energy Policy and Legal Certainty

Mexico's energy policy has undergone significant changes in recent years, which has generated uncertainty among investors and actors in the sector. The need to establish clear and consistent policies, as well as to respect the rule of law, becomes a fundamental requirement to promote investment and development in the energy sector. Specialists stress the need to strengthen regulatory agencies such as the Energy Regulatory Commission (CRE) and the National Energy Control Center (Cenace).

Key Issue 3: Innovation and Technology

Innovation and technology play a crucial role in the transformation of the Mexican energy sector. From the digitization of the power grid to the development of new energy storage technologies, there is great potential to boost efficiency and competitiveness in the energy market. However, greater government and business support is needed to foster research and development in this field.

Things to watch

For the remainder of 2024, the transition to clean and renewable sources is expected to remain a key focus in Mexico’s energy agenda. Both the government and private sector are likely to increase investments in renewable energies, such as solar and wind, to diversify the energy mix and reduce greenhouse gas emissions.

The government is also anticipated to continue promoting private sector participation in the energy industry, particularly in areas like hydrocarbon exploration, power generation, and energy infrastructure. This may involve tendering new projects and implementing regulatory reforms aimed at fostering competition and attracting investment.

Technological advancements in energy generation, distribution, and storage are likely to play a crucial role. Innovations such as digitalization of the electricity grid, development of efficient energy storage systems, and intelligent energy management solutions could transform how energy is produced and consumed across the country.

Despite Mexico’s abundant energy resources, challenges related to energy security may arise, especially given the country’s reliance on natural gas and oil imports. The government is expected to focus on policies that strengthen energy security, diversify supply sources, and improve energy efficiency.

Global and environmental policies will also significantly influence Mexico’s energy sector. As international agreements on climate change and emission reductions gain importance, Mexico is likely to reaffirm its commitment to these environmental objectives and take action to meet them. This could shape energy policies and stimulate investment in clean technologies.

About Alterpraxis

An award-winning PR, Public Affairs, Digital Services and Sustainability agency based in Mexico. With 18 years in the market and a team of more than 30 consultants, Alterpraxis has collaborated with several of the most relevant corporations in Mexico, the United States, and South America.

Our goal is to evolve from a traditional communications agency to a consulting company with a complete service offer that engages in the development of sustainable growth and positioning for our clients. Our public affairs communications approach helps clients to influence operating environments and shape their strategies and decisions. Through a deep insight into what is being said and done in the political arena, Alterpraxis delivers valuable foresight into future priorities and business strategy, unlocking opportunities and managing risk.

Country: USA

Gerges Scott, Sr. Vice-President, Agenda

Overview

The US energy market is undergoing a significant shift towards clean energy solutions. Between 2005-2019, the use of coal for electricity generation in the US more than halved, dropping from 50% to 23%. Over the same period, the country doubled its usage of renewable energy, including wind and solar. Natural gas is now 38% of the US energy mix, and its use is particularly prevalent in five key states, with Texas accounting for nearly 15% of natural gas consumption in 2020.

The biggest challenge in the US energy market is the transition from fossil fuels to clean energy. While natural gas is considered a 'bridge fuel' in the energy transition to a carbon-neutral future, it is still a fossil fuel and has its own environmental concerns. The transition to clean energy requires significant investment in research and development, infrastructure, and policy changes - whilst also presenting opportunities for job growth and foreign direct investment in the US renewable energy sector.

Key issue 1: Energy security/market reform

The energy sector consists of thousands of electricity, oil, and natural gas assets that are geographically dispersed and connected by systems and networks. Therefore, interdependency within the sector and across the nation's critical infrastructure sectors is critical. The energy infrastructure provides fuel to the nation and, in turn, depends on the nation's transportation, communications, finance, and government infrastructures. Protecting and improving the resiliency of the energy sector in the face of both manmade and natural disasters is an ongoing effort that requires continued vigilance, contingency planning and training.

Regarding energy market reform, the Biden-Harris Administration supports the important reforms contained in the Building American Energy Security Act of 2023 as the kind of bipartisan compromise needed to tackle this issue. The act aims to create a more resilient and secure energy system, reduce greenhouse gas emissions, and create jobs.

Key issue 2: New technologies (hydrogen & CCUS)/grid and flexibility

CCUS technologies offer significant strategic value in the transition to net-zero. Hydrogen produced from fossil fuels is currently the primary source of hydrogen for the United States. However, hydrogen produced without releasing carbon dioxide emissions has the potential to play a much larger role in the US energy mix in the future. Coal-fired power plants will likely need to either implement carbon capture technology or implement hydrogen blending technology to replace fossil fuel assets. Power generation from hydrogen-ready gas plants—which support grid stability—is likely to increase.

The cost of achieving net-zero emissions by 2050 is estimated to be anywhere from 2 to 9 trillion US dollars per year. The health and climate benefits associated with fewer emissions exceed the power system costs to get to 100% clean electricity. Consumers can play a role in the transition to clean energy by adopting energy-efficient practices and purchasing renewable energy.

Things to watch

The US energy market shifted strongly towards renewables in 2024, and will continue to do so in 2025. Stronger climate targets and investment incentives are injecting new momentum into CCUS. Plans for more than 30 new integrated CCUS facilities have been announced since 2017, mostly in the United States. Projects at advanced planning stages represent an estimated investment of more than $27 billion, almost double that of projects commissioned since 2010.

Hydrogen technology is increasingly playing an important role in power generation. It is one of the leading options for storing renewable energy and can be used in gas turbines to increase power system flexibility.

The US Energy Information Administration (EIA) forecasts that U.S. gasoline consumption will decline by 1% by the end of 2024, resulting in the lowest per capita gasoline consumption in two decades. Increased remote work in the United States, improvements in the fuel efficiency of the U.S. vehicle fleet, high gasoline prices, and persistently high inflation have reduced per capita gasoline demand.

The EIA also forecasts that sales of electricity to US customers will increase by more than 2% in by 2025 after falling by an estimated 1%. U.S. natural gas inventories are forecasted to end the winter heating season 21% above the five-year average, with almost 2,000 billion cubic feet in storage. U.S. coal exports have returned to pre-pandemic levels, driven by global demand. However, U.S. production is expected to fall by more than 100 million short tons by the end of the year, due to reduced demand from the electric power sector, which will be offset by increased electricity generation from renewable resources.

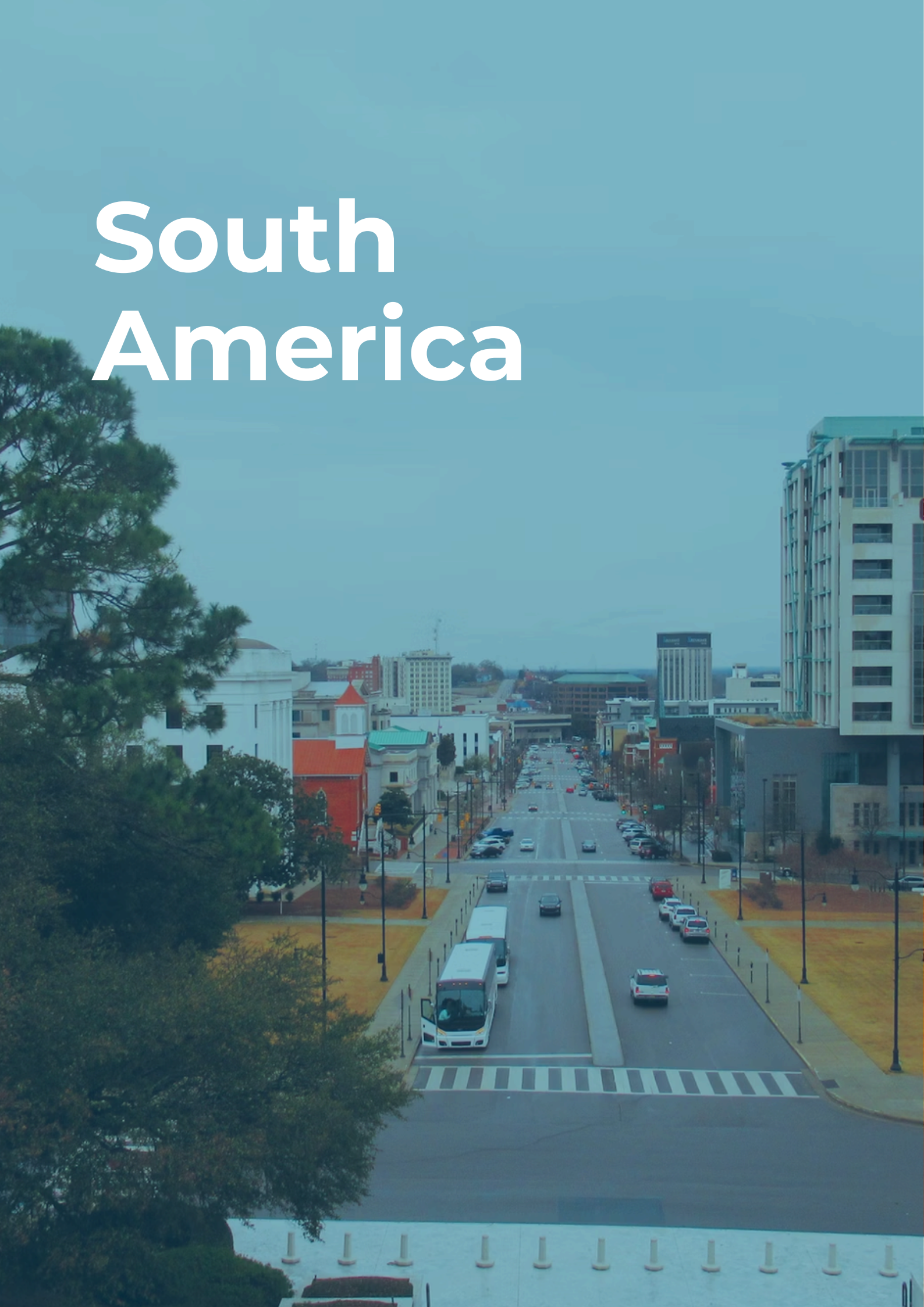
The outcome of the 2024 presidential election will of course massively influence energy policy in the US. Under a Trump administration renewable energy policy would likely prioritize fossil fuels and deregulation, with a lack of support to global climate goals as seen in his 2017 withdrawal from the Paris Agreement. In contrast, a Harris administration would likely increase federal investments in renewable energy and pursue more aggressive climate policies. However, Harris' approach remains somewhat unclear, following her recent reversal on a pledge to ban fracking.

About Agenda

Agenda is an international marketing, advertising, strategic communications, and public affairs firm headquartered in Albuquerque, New Mexico, and Washington D.C. Our company pairs the strength and reach of the largest national firms with the innovation and nimble thinking found most often in boutique agencies. With creatively integrated approaches, we help clients navigate their most challenging perceptions, market, crisis, and policy issues.

For more than a decade, Agenda has been recognized as the number-one integrated communications firm in New Mexico by Business First, one of the largest in the region by PR Week Magazine, and one of the top five boutique public affairs firms in the U.S. by PRovoke Media (formerly the Holmes Report). We've also received multiple Pollie Awards and seven prestigious Reed Awards for our outstanding campaigns and creative work.

South America



Country: Argentina

Guillermina Papu, Director of Public Affairs, INFOMEDIA

Overview

In Argentina, the national energy market is mainly concentrated on hydrocarbons, as oil and gas account for almost 90% of the total energy supply. Although renewable energies have a growing role, they are still far from making a significant impact. The country has one of the most important hydrocarbon deposits in the world, Vaca Muerta, which partially explains the concentration of the national energy market. Moreover, in recent years, Argentina has begun to prioritize offshore exploration, taking advantage of the comparative advantages offered by the Argentinean Sea. YPF, the country's main O&G company, leads the industry's development with over 100,000 workers and ninety-two productive and forty-eight exploratory blocks distributed in basins throughout Argentina.

High levels of inflation played a significant role in influencing subsidies and price regulation in the country, which have hindered investments in the sector in recent times. The international context and the change in government could shift this, as the industry and the focus on foreign investment have been prominent on the political agenda.

Key Issue 1: Tariff/Rates Prices

One of the main campaign focuses of the new president was cutting public spending, and this has been reflected by the focus on adjusting tariffs and eliminating energy subsidies under the new administration. However, despite the initial months of great adjustment, prices for both gas and electricity were rose at a slower rate due to the current economic crisis.

Key Issue 2: Gas Infrastructure Investment

Argentina has one of the largest gas reserves in the world but struggles to harness the full potential of its benefits due to a general lack of investment and appropriate regulatory frameworks.

Currently, the focus is on two key areas. First, the reversal of the Northern Gas Pipeline, which will transport gas from the Vaca Muerta field to the northern regions of the country, addressing domestic demand and facilitating gas exports to Brazil via Bolivia. This project is crucial due to the depletion of Bolivia's gas fields, which ceased exports to Argentina after 20 years.

Second, the approval of the Large Investments Regime (RIGI), part of the recently passed Bases Bill in Congress, is pivotal in establishing the necessary regulatory framework for investments in gas liquefaction plants to export Vaca Muerta's gas. While the RIGI is now being implemented, significant investments are still pending.

Key Issue 3: Offshore Exploration

Offshore exploration is a prominent point of debate within Argentina. Currently, the most advanced operations are taking place in the Argentine Sea, the Austral Basin, and off the coast of Tierra del Fuego and Santa Cruz. Approximately 20% of the natural gas produced in Argentina comes from there. One of the major projects is the Phoenix Project, located 60 km off the coast of Tierra del Fuego, led by Pan American Energy, Total Energy, and Harbour Energy.

The North Argentine Basin, located 300 km off the coast of the Buenos Aires Province, is actively being explored. It has sparked great interest from a geological perspective following the discovery of oil off the coasts of South Africa and Namibia. The Norwegian company Equinor, in partnership with YPF and Shell, drilled in the offshore Argerich but found no evidence of hydrocarbons.

Key Issue 4: Liquefied Natural Gas

Liquefied Natural Gas (LNG) is another major focus for Argentina's oil and gas industry. YPF leads the primary project to export LNG from Vaca Muerta, and although Petronas has withdrawn, YPF's CEO, Horacio Marín, announced that the company will press ahead, continuing to assess the project's viability while seeking international financing. The project also involves other gas producers, as the planned export volume exceeds Vaca Muerta's total output. A crucial factor is securing sales contracts for the LNG, which will help attract financing. Negotiations are currently underway with Shell for a 20-year memorandum of understanding.

In addition, Tecpetrol is developing its own LNG production project, focusing on onshore liquefaction. By 2027, Argentina is set to enter the LNG market with the deployment of the liquefaction vessel "Hilli Episeyo" from Southern Energy, a partnership between Pan American Energy (PAE) and Golar LNG.

Things to watch

During 2024, Argentina once again had a new government, and that comes opportunities and challenges. One of the opportunities created by the new government, which is focused on free market principles and public spending cuts, is the potential for favorable regulatory and economic conditions to attract foreign investment.

However, the new administration is politically weak. It is the third minority in both chambers and does not have any governors. As a result, it may struggle to build consensus and pass legislation in these early stages. In the coming months, legislative activity will be key to watch, as the government tries to advance its most significant projects and reach necessary agreements. It's important to note that Argentina will hold midterm elections in 2025, making this year crucial for the administration to strengthen its position, gain more seats, and improve its ability to pass future legislation.

The new government's social legitimacy largely hinges on its ability to improve economic conditions, such as reducing Argentina's inflation rate, the highest year-on-year rate in the world in 2023, and lifting currency controls. Monitoring the evolution of these indicators will be crucial.

About INFOMEDIA

INFOMEDIA is a consulting firm which offers solutions in corporate communications, crisis management, digital marketing and government relations, for national and international companies and entities. Since 2005, we have specialized in integral counseling for companies and other organizations in highly regulated environments or with complex reputational challenges. We have participated in more than 200 reputational and regulatory challenges.

We work in collaboration with think tank Starke Labs, part of the INFOMEDIA Group, dedicated to political analysis and we are part of CGA - Global Communications Alliance-, a global network of agencies that allow us to offer communication solutions and government relations outside Argentina whenever our clients require it.

We lead international projects where we act as a regional hub for Latin America and operate with world class processes, in line with the biggest international companies and global compliance standards.

Africa

Country: Nigeria

David Jim, Communications Officer, Credo Advisory

Overview

Nigeria is a major energy producer in Africa, with abundant natural resources such as crude oil, natural gas, hydroelectric power, and biomass. Despite having a wealth of energy resources, Nigeria faces significant challenges in managing and distributing them, leading to a supply-demand gap. According to the 2022 Energy Progress Report, Nigeria has the lowest access to electricity globally, with around 92 million out of its 200 million population lacking access to power**.** Many factors contribute to this issue, including poor infrastructure and inflation, which have left a large percentage of the population without power.

Acknowledging the challenges facing Nigeria's energy sector is essential, but it's equally important to highlight that interventions are being implemented to address these issues. Access to clean and affordable energy is crucial for achieving Sustainable Development Goal 7 (Affordable and Clean Energy) and unlocking the socio-economic benefits of sustainable energy access. Beyond simply lighting up homes and institutions, electricity access requires the seamless integration of on-grid and off-grid efforts, rural electrification initiatives, and other available energy sources for socio-economic development

Key issue 1: Lack of Coordination

The Nigerian power sector comprises various agencies and stakeholders. Unfortunately, these bodies lack proper coordination, leading to changes in policies and delays in decision-making. This lack of synergy causes sector instability, citizens distrust, and discouragement of investors.

Key issue 2: Poor Infrastructure

Nigeria's power sector faces substantial infrastructure gaps and limitations that cut across the value chain, including regular national grid collapses, inadequate pipelines, transmission and distribution networks, metering problems, and overreliance on hydro and gas for power generation. Nigeria must double its efforts to expand renewable energy sources such as solar energy while increasing gas pipeline infrastructure.

Key issue 3: Inadequate Financing

According to a KPMG 2022 Power Sector Update, the Nigerian government owes generation companies 1.64 trillion naira. These debts have hindered the advanced development of sustainable energy projects. Although grants from development institutions such as the World Bank are being utilised to solve electrification crises in Nigeria; the state and federal governments must also develop practical and feasible mechanisms for financing energy and paying its debts.

Things to watch

Renewable Energy & e-Mobility Solutions: Nigeria's journey towards energy independence is being steered by a growing embrace of renewable energy, offering a promise of cleaner and more affordable power across the nation. With transportation alone responsible for 24% of the country's carbon emissions, the imperative to address this challenge has led to significant strides in developing e-mobility solutions. Collaborative efforts between the Nigerian government and key institutions like SEforAll and Possible Electric Mobility have launched e-taxis in 2023, with further advancements slated for 2024 through initiatives such as the Presidential Compressed Natural Gas Initiative (PCNG-I).

Decentralised Electricity Markets: Nigeria is at the forefront of decentralising energy systems by empowering state governments to establish electricity markets. The 2023 Electricity Act grants states, private entities, and individuals the authority to engage in electricity generation and distribution within their respective regions. A notable aspect of this initiative is the mandatory integration of renewable energy into each state's energy market policies, reflecting a concerted commitment to sustainable energy development. Presently, some states in Nigeria (Abia, Edo, Enugu, Kaduna, Lagos, Ondo, and Oyo) stand as pioneers in this endeavour, having already formulated their policies and market structures, setting the stage for broader adoption nationwide. Moreover, in 2024, additional states are slated to embrace this progressive approach, further accelerating Nigeria's energy landscape's decentralisation and sustainable transformation.

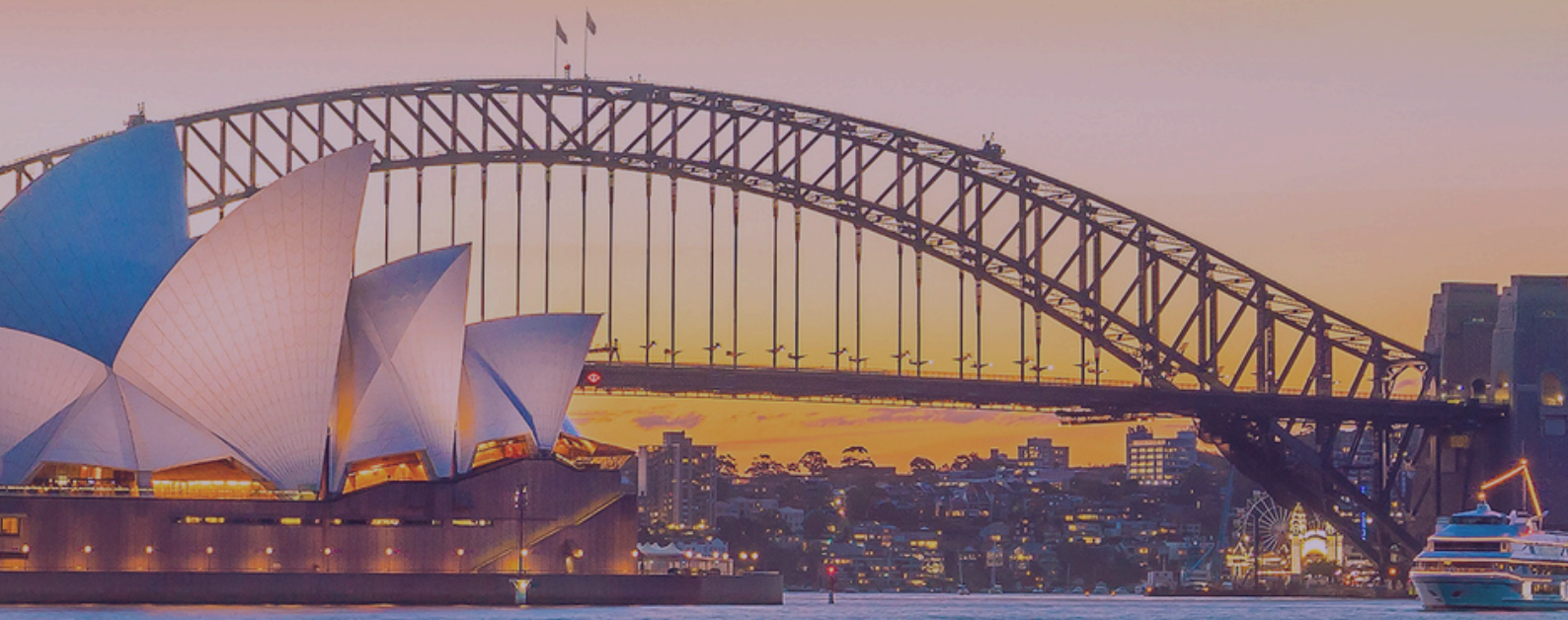
Growing Carbon Market: Nigeria's growing carbon market offers significant potential for sustainable growth and climate action. The Africa Carbon Markets Initiative launch at COP 27 demonstrates Africa's readiness to meet global demand for carbon credits. This initiative aims to secure financing for green projects and drive investment in low-carbon technologies.

About Credo Advisory

Credo Advisory is a strategic and development communications firm with expertise in designing and implementing strategic, operational, and tactical communications initiatives. We provide our clients with a full suite of communications services, including public relations, media relations, government relations, advocacy, crisis communications, health communications, development communications, digital communications, event communications, community engagement, insight, and capacity building.

In collaboration with the Foreign Commonwealth Development Office and the World Bank, Credo has provided advisory and technical assistance to the following Nigerian Government bodies – Federal Ministry of Power, Rural Electrification Agency, Nigerian Electricity Regulatory Commission, Nigerian Bulk Electricity Trading Company, and Transmission Company of Nigeria. We have also provided communications assistance to the Association of Nigerian Electricity Distributors, and Women on the Grid Hub - a networking platform for female managers in Nigeria’s energy sector.

Oceania



Country: Australia

Zachary Link, Wilkinson Butler

Overview

Australia's energy sector is undergoing a remarkable transformation, shifting from a historical reliance on fossil fuels towards renewable energy. With the Australian Labor Party (ALP) in government since May 2022, over $40 billion ($26 billion USD) has been invested in clean energy, and legislation has been introduced committing Australia to emissions reductions and renewable targets. Renewable sources contribute to 39.4% of Australia's electricity supply, a figure bolstered in 2023 with the addition of 5.9 GW of new renewable generation capacity.

Australia’s unique geography sees its main grid, the National Electricity Market, stretch more than 5,000 kilometres along the East Coast from Far North Queensland to South Australia, posing transmission challenges. Meanwhile, the federated system of government means states and the Commonwealth, with different priorities and election cycles, must collaborate to deliver the transition.

Its climate, as well as generous subsidies, have supported extensive deployment of rooftop solar, giving Australia the highest per capita installations globally. While reducing bills for households with solar, this has created problems for energy market operators and utility-scale generation as daytime prices regularly turn negative.

The elephant in the room of the transition is Australia's vast fossil fuel exports, which provide substantial tax revenues to governments. Despite programs to support green exports, including green hydrogen, there is no replacement in sight and as the world reaches peak fossil fuel use, Australia’s search for alternatives continues.

Key issue 1: Community Engagement

Increasingly, the emerging issue of public dissatisfaction towards proposed renewable energy developments is dominating headlines. This was most evident as Australia looked to populate offshore wind zones around its Eastern and Southern coastlines. The outcry has sparked the Australian government to push for developers to enhance community engagement. This has resulted in the Minister for Climate Change and Energy requesting Commissioner Andrew Dyer to conduct a Community Engagement Review, recommending the introduction of a developer rating system, which has been accepted by the Government.

Key issue 2: Domestic Manufacturing and Energy Security

Australia, whilst gifted with ample mineral resources and leading in renewable technological innovations, has long been unable to compete economically with energy technology produced overseas. A good illustration of this is solar technology. The COVID-19 pandemic revealed Australia's vulnerability to global supply chains for certain domestically consumed goods, leading many to argue that the country should establish sovereign manufacturing capabilities. This issue has been exacerbated by growing calls for Australia to reduce its reliance on politically sensitive trade relationships. This has most recently culminated in the Australian Government announcing it will commit $1 billion ($650 million USD) in funding for the ‘Solar Sunshot’ program to build national solar PV manufacturing capability. It is also racing to build a green hydrogen industry, with the government providing $2 billion ($1.34 billion USD) to its ‘Hydrogen Headstart’ and signing bilateral agreements with European countries seeking to secure future supplies.

Key issue 3: Long Duration Energy Storage and Planning

Since Elon Musk installed a big battery in South Australia in 2017, the country has quickly become a global leader in utility-scale Battery Energy Storage. However, Long Duration Energy Storage (LDES) has been left behind. This oversight could pose significant challenges in maintaining a reliable and affordable energy supply. LDES is essential for bridging gaps during periods when renewable sources like solar and wind are not producing electricity, such as at night.

Without substantial investment in LDES, Australia risks energy reliability and the feasibility of completely phasing out fossil fuels. The lack of a coherent LDES strategy, has left a void that the right-wing opposition has filled through a campaign promoting nuclear power, which has gained traction and will be a key area of political debate in run up to the 2025 Federal election.

To meet its ambitious climate goals while ensuring energy security, Australia must prioritise the development of LDES solutions that are ready for immediate implementation.

Things to watch

The Australian energy landscape in 2024 stands at a critical juncture, with the convergence of market trends, political developments, and emerging challenges set to shape the future of the nation's energy landscape. As Australia progresses towards its ambitious 2050 net-zero targets, with a significant interim goal of 82% renewable energy in the National Electricity Market by 2030, several key areas will demand attention.

Market Trends: The push for renewable energy sources is expected to continue dominating the Australian energy market. Solar and wind energy, bolstered by technological advancements and decreasing costs, will likely see an uptick in investment and deployment. However, Long Duration Energy Storage (LDES)'s critical role will become a sharper focus as the need to balance intermittent renewable supply with demand becomes increasingly apparent. The integration of battery storage, pumped hydro, and other LDES technologies will be crucial in ensuring grid stability and reliability.

Political Developments: Energy policy is anticipated to remain a hotly contested area in Australian politics. The federal government's commitment to renewable energy investments and the reduction of carbon emissions will likely face challenges from various quarters, including debates over the extent and pace of transition, the role of nuclear energy, and mechanisms to ensure energy affordability, as well as efficient project approvals to keep up with Australia's decarbonisation targets. With a Federal election expected in 2025, this year will be critical for the government to implement and maintain support for its energy transition policies.

Expected Policies: In response to the evolving energy landscape, new policies are likely to emerge, focusing on accelerating the renewable energy transition while addressing grid reliability, community consultation and energy storage needs. Policies may include incentives for renewable energy projects, stricter emissions standards, and initiatives to boost LDES. Regulatory reforms to facilitate the integration of distributed energy resources (DERs) and to encourage consumer participation in energy markets could also be on the agenda.

New Challenges: The Australian energy sector will have to navigate several challenges in 2024, including managing the phase-out of coal-fired power plants, addressing the variability and intermittency of renewable energy sources, and ensuring the energy transition's social and economic fairness. The sector will also need to contend with the physical and cybersecurity of energy infrastructure, as well as the potential impacts of international affairs on energy supply and demand.

2024 will be a pivotal year for the Australian energy sector, marked by significant advancements in renewable energy, evolving political and policy landscapes, and the ongoing challenge of ensuring a stable, affordable, and sustainable energy future. As Australia moves forward, the adaptability and resilience of its energy sector will be key in navigating the complexities of this transition.

About Wilkinson Butler

Wilkinson Butler is a strategic communications and corporate affairs consultancy focused on building trust, enhancing reputation, and influencing change. We have a deep understanding of the energy sector and advise several prominent clients working across renewable technologies, including developers, EPCs, manufacturers and investors. We have experience working with international and national organisations to help them achieve their commercial objectives. Our work has contributed toward policy change, positive stakeholder relationships and a cleaner energy mix. As an agency, our focus is on sustainability communications and supporting clients to achieve their targets. This requires a deep understanding of the complexities of an organisation's sustainability journey and ensuring the full range of stakeholders and their perspectives are considered.