

Being Specific About the Politics of Low Carbon Transitions

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New Thinking For Energy



One research project to the next...

- Thesis at the University of Warwick:
 - Explaining institutional change in UK energy governance – asking how and why questions?
 - Change driven by multiple narratives including a need to mitigate for climate change (low carbon transition)
 - Energy Security-Climate Nexus: Institutional Change in the UK and Beyond (Palgrave Macmillan)
- Research Fellow at University of Exeter:
 - Now seeking to take insights from institutional change to better *explain the nature* of current low energy carbon transitions

Starting Point

- Focus on energy policy for system transition
- Energy system transition as taking place across and between multiple areas: ecosystems, technologies, business strategies, user practices, **institutions**
- STT good at
 - Unprecedented: urgency and drivers
 - Envisaging a role for policy and political institutions (niche)
 - Describing how governance for transition should work (TM)
- Less good at:
 - Asking ‘why’ questions – why rules chosen over others
 - Understanding and explaining political contexts and how they influence transition: policy can enable change, but *constrains and colours change also*

Energy Transition Framework - UK

- Bring politics, and contestation, into framework
- Be specific about **political context**
 - New institutional theory (historical, sociological)
 - Political institutions influence energy policy
 - Energy policy broad and for a range of reasons
- Explain how interactions between drivers for change as well as resistances shape the *nature* of transition
- Explain interactions between political institutions and other areas: user practices, business, ecosystems and technology

Institutions: Policy Paradigms

- Politics: collective action, authority and finding the ‘best story’ to fit within given socio-economic contexts – *ongoing contestation*
- ‘Best story’: informed by sets of ideas (paradigms):
 - How the world works and how any given entity fits into it
 - Collective aims, values and expectations
- Policy paradigms influence:
 - How a policy area is perceived
 - Objectives and instruments of policy
 - How governance institutions and state-market relations are structured
- Difficult to change but alternative ideas challenge and can replace – old paradigm never wholly dies

Understandings of Energy

- How a given policy area is conceptualised relates to *reason for having policy* (energy)
- Understandings of energy's socio-economic role:
 - Economic growth (recovery) – production input
 - Public good (access and quality of life)
 - Revenue (exporters)
 - Established employer and supporting communities
 - Strategic asset – national asset
 - Security (national)
 - Polluter (emissions +)
 - Tradable commodity (neoliberal institutionalism)

What is Energy Policy For?

- Objectives and choices reflect
 - Understandings of energy's role in society
 - Hierarchies relate to policy paradigm and other values
 - What is covered by energy policy: natural resources (access and/or protection), electricity, transmission, and transit
- Objectives:
 - Supply (demand) security
 - Economic growth (protect/develop) national industries
 - Development (quality of life)
 - Reducing energy poverty
 - Climate change mitigation

Instruments and Institutions - Means

- Instruments:
 - Command and control
 - Regulation
 - Market (as little intervention as possible)
 - Mercantilist or protectionist
 - Military
- Physical Institutions: responsibility for policy area:
 - Departments (Energy Ministry, FCO, Treasury): mandates - related to objectives
 - Electricity boards and national companies
 - Regulators
 - Private companies

Post 1945: Keynesian Energy Paradigm

- Energy as **public/merit good, input into production**
- Policy Objectives:
 - Universal access, economic recovery, secure and affordable
- Institutions: Ministry of Fuel and Power; Electricity Supply Boards; National Energy Companies:
- Instruments:
 - Regulated prices and planning
 - Overseas interests defended militarily where necessary
 - Investment in infrastructure (*diffusion*): pipelines to North Sea; national, centralised transmission grid
 - Investment in resources and supply: coal, oil, nuclear
- Policy not heavily contested as system embedded until 1970s

Pro-Market Energy Policy Paradigm

- 1983-20??: context of heavy build out and state
 - Neoliberal economics and institutionalism; public choice; neoliberal – active then embedded
- Energy as replaceable commodity/electricity as service
- Objectives (hierarchy):
 - Establish freely trading, competitive, economically efficient markets
 - Markets will deliver: security; affordability; climate mitigation
- Instruments:
 - Market where possible; minimal inference; ‘fuel blind’; companies set prices (elec.) but within formula (RPI-x)
- Institutions (depoliticised)
 - No Energy Ministry; Ofgem (‘independent’);
 - mandates: competitive markets

Combined Institutional Legacies

- Keynesian Energy Paradigm:
 - Centralised system of supply and transmission (universal)
 - Public notions of energy as a right – taken for granted
 - State infrastructures: tendency to think about energy in national terms at times of security (threat)
 - Coal (national industry): community/employer
- Pro-market Energy Paradigm:
 - Institutionally embedded ideas about the market as better than the state, about economic efficiency, fiscal austerity
 - Large energy companies deliver both policy and energy services: knowledge, financial power and influence
 - Depoliticised energy governance: lack of state capacity to make public policy in energy

Alternative Narratives - Contestation

- Climate Change (various) – scientific knowledge:
 - Energy as polluter/producer of dangerous emissions
 - Objectives: transition and change supply; use; demand
 - Instruments: more state support and funding;
 - Institutions: integrate climate and energy policy; mandate to deliver mitigation; provide leadership
- *Energy Security*:
 - Energy as vital: supplies under threat (unreliable suppliers)
 - Objective: more supply independence; control; reliability
 - Instruments: protectionist, investment in transit, diplomacy
 - Institutions: top down involvement, other institutions (FCO)
- Energy security-climate nexus - arguments relate to each other *but also existing paradigm*

Change: Inter-Paradigm Borrowing

- Four paradigms:
 - pro-market; climate; security and Keynes
- Objectives:
 - Climate mitigation; security; energy poverty (hierarchy?)
 - Unstated: employment, economic growth
- Institutions:
 - DECC: energy and climate policy integrated
 - DECC and FCO energy security-climate (but Treasury pro-market)
 - DECC and Ofgem – mandated to achieve climate mitigation
- Instruments:
 - Neither command and control nor market: ‘interference’ temporary – to recede when new system established
 - Funding related to ‘market rates’ for capital (pro-market)

Interplay Politics and Other Areas

- Institutions:
 - Climate objectives interact with other policy objectives: hierarchy
 - Change reflects interplay between climate and other paradigms
- Technologies:
 - Niches (limited) state support – but diffusion also important
- Business strategies (private):
 - to make profits: via new models and/or defend current assets
 - ability to influence policy related to political structures
- User practices:
 - Voters: more or less supportive/aware; infrastructures a given
 - Practice change enabled via support and/or control mechanisms
- Ecosystems:
 - Scientific consensus - urgency drives pressure to change/targets
 - But change limited and methods contested – remain under threat