

**Future of Utilities Workshop
Chatham House
28 April 2015
Catherine Mitchell**

**The State of the Power Sector in
Europe**



New Thinking For Energy



What is the current state of the utilities in Europe?

Different in Phase 1 and Phase 2 countries

- Achieving energy transitions which res policies are best applied when <http://projects.exeter.ac.uk/igov/paper-achieving-energy-transitions-which-res-policies-are-best-applied-when/> - now sent to Research Policy.

Where is there existential threat for incumbents? Ie Where are the changes most visible? And what have the drivers been?

Germany, Denmark – elsewhere?

- Early on, pragmatic flexible Government support
 - Priority access (in real sense)? / involvement of wider numbers of individuals?
- Governments prepared to follow- through
 - Grew from small beginnings? Bricolage?
 - Attitudes to losers?
 - Governments have followed through? Ie Schuppe:
<http://projects.exeter.ac.uk/igov/new-thinking-managed-disruption-the-push-and-pull-of-policy-in-germany/>
 - Knowledge / capacity – ensured reality rather than rhetoric
- Ownership
- Cultural/social attitude to environment / pragmatism / market?

What are the consequences for existing energy systems? Electricity utility structures? Institutional frameworks

- Clearly, in certain countries profits are down, shareholder prices are down, ownership is changing, business models are changing, knowledge of how to run a system with a high proportion of variable power is increasing, economics / technologies are changing etc etc
- Resistance will be stronger
 - Once practice proves economics, then change will come but if institutions are poor / resistors are strong then change is dampened and unclear how 'disruption' will happen in Phase 1 countries

Role of the State Should Change

- Role of State, institutions (ie regulator, SO etc) utilities, consumers / citizens / owners needs to be rethought
 - Institutional restructuring
 - State as a legitimiser
 - State as a practical integrator

Tension

- Need to balance Andy Stirlings ‘murmurations’
[Stirling, A. *Alternative Energy Pathways – making democratic choices*
<http://www.rbkc.gov.uk/pdf/Prof%20Andy%20Starling%20-%20s14j-kensington%20energy.pdf> (2014)]
combined with the necessary resetting ie Schuppe’s
<http://projects.exeter.ac.uk/igov/new-thinking-managed-disruption-the-push-and-pull-of-policy-in-germany/>
 - Government’s can force through policies but they wont be successful if people dont want / dont connect with them

Key Indicators of Change

- General Phase 2 indicators???:
 - A new mind set – across stakeholders (including Govt, households, communities, local authorities, businesses) supporting doing things differently
 - Institutions which are fit for purpose
 - Legitimate
 - Engaged customers / citizens
 - Ownership and business models
 - Embracing change and capturing of opportunities
 - Moving beyond RE electricity +supply to demand focused, heat , transport, integration