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**Are you joining the conversation about the future of energy?**

**Benoit Laclau, EY Global Energy Leader**

**We can’t fully predict the future, but we can explore its potential – and that’s what the world’s most influential energy forum of industry leaders, governments and regulators will be doing at the**[**24th World Energy Congress**](https://www.wec24.org/)**in Abu Dhabi, 9-12 September 2019.**

EY is delighted to be a platinum sponsor of this prestigious event and as well as leading and participating in panel sessions on some of the energy industry's hottest topics, we will also be holding a stimulating program of live talks and hands-on technology demonstrations, in conjunction with Microsoft and SAP. **To find out more visit**[**www.ey.com/energy**](http://www.ey.com/energy).

Discussion on this scale could not come at a more important time. The energy transition is entering a new phase, as the race to limit emissions becomes increasingly urgent and companies are under pressure to adapt faster to the trends reshaping energy. The challenges we face will only be met together – as a united energy sector, working in collaboration across borders, industries and with governments and consumers.  Ahead of the Congress, here are my responses to some of the key questions that will be at the heart of the debate.

**What are the key trends shaping the energy industry?**

Four trends are reshaping the industry, far quicker than expected.

First, **energy technologies** are reducing in cost and advancing in performance at an accelerating pace, with renewables now deployed on a mass scale. Battery storage is a particular game changer – utility-scale batteries are replacing peak gas generation in some US markets for example. In the oil field, more extensive use of data has made unconventional resources competitive and completely reshaped the oil market landscape.

Second, **energy system fragmentation** is gaining momentum, shifting ownership across energy supply as activities become more localized and new players thrive. This is allowing consumers to take control of their energy, a trend particularly seen among corporates. For many businesses, the appeal is the improving economics of renewables, but consumer demand is pushing many to take out power purchase agreements (PPAs) or self-generate.

Third, governments are revising policy and ramping up **clean energy targets.**Almost 60 countries now have plans to completely decarbonize their electricity sector.

Fourth, the **investment profile** of energy is changing fast. This is partly due to renewables and new technology assets attracting different types of investors, but it is also due to activist stakeholders demanding investment in cleaner sources of energy. Low-carbon energy sources now attract 70% of global power generation funding, and oil and gas companies are reshaping their portfolios more toward natural gas and less toward oil.

Together, these four forces are propelling our world toward an electrified future. By 2050, cleanly sourced electricity will need to make up almost 50% of total final energy consumption, if our cities are to cope with growing urbanization.

**How should energy companies prepare for the consequences of energy transition?**

I see three main areas of focus for bolder, faster change.

First, all power companies – generators, networks and retailers – must completely **shift their operating models** to transform into businesses fit for a new electrified, decarbonized energy world. Oil and gas companies will be looking carefully at their portfolios and hedging their bets. The transition won’t happen overnight, and timing will be critical. Smart portfolio managers manage risk by buying, developing and nurturing options. Major oil companies are already doing that, with investments in the power sector (including traditional utilities), electric vehicle charging and renewable fuels. They are also relentlessly focused on cost, and digitization is in full swing in the oil field.

Second, incentivizing new energy solutions requires a **fresh approach to financing** them. Regulators have a big role to play – adjusting policy to support the shift from investing in legacy assets to providing energy services.

Third, it’s time to **break the siloed mindset** of the energy industry. Open collaboration across an expanding energy ecosystem – of multiple industries, governments and communities – will be critical. It can help identify and advance emerging transformative energy technologies with the potential to significantly impact the future energy landscape.

But, **a flexible mindset may be the best strategy of all**. We may not know exactly how the future energy world will look, but being ready to embrace opportunities – rather than trying to protect the past – will help energy companies adapt.

**How does innovation and technology play a crucial role to thrive in the new energy world?**

They will be central to future success, but a distinction needs to be drawn between innovating for new products and services and investing in technologies that can help improve the operational core.

At the [EY Innovation Realized summit](https://www.linkedin.com/pulse/innovation-realized-where-do-energy-leaders-predict-future-laclau/) earlier this year, energy leaders told us that they believe electric vehicles will be the biggest technology game changer within the next decade, with revenue from electric vehicle charging expected to make the biggest contribution to the bottom line. And hydrogen was named as the technology that will have the biggest impact on their business within the next 20 years.

Innovation has made oil and gas recovery more efficient than ever. Oil majors are increasing their footprint in the North American unconventional market. And we anticipate another wave of cost reduction and the continued reshaping of the world oil market dynamic, as companies scale operations and bring the best technology to bear.

But, when developing technological innovation, it is important not to lose sight of the end consumer – not so much what they want now, but what they may want in the future. Considering energy challenges from customers’ points of view helps build trust, prioritize investments and target innovation, to deliver the experiences that tomorrow’s customers will expect.

We look forward to welcoming you to Stand C-002 during the 24th World Energy Congress. You can also join the conversation using #EYEnergy and #WEC2019.