

IAEE ENERGY FORUM

CONTENTS

- 5 Finding Global Temperature Goals: How Science and Policy Interacted?
- 7 National Oil Companies and the ESG Framework
- 10 Climate Change and COVID-19: Complexity and New Challenges
- 13 How will Climate Change affect China?
- 15 Glasgow's COP26: A Cop Out Or A Baby Step Forward?
- 16 COP26: The Clouds And Its Silver Linings
- 20 The Arab World Will Produce the Last Oil Barrel
- 24 Oil and Gas Under Attack at COP26
- 26 Regional and Municipal Levels – the Central Arenas of the Energy Transition in Germany
- 30 Rate Setting for an Electrified World
- 36 Not All Carbon is Created equal, so Let's Tax Extravagant Emissions More
- 40 Solar Sharing Economy or "My Home is My Power Plant"? Profiling Collective and Individual Solar Prosumers in Southern Switzerland

Editor: David L. Williams

Published By:

IAEE
International Association for
ENERGY ECONOMICS

PRESIDENT'S MESSAGE

So much for my predictions! When I last wrote I was optimistic that the coronavirus-19 pandemic was behind us. That was just before the omicron variant took off! I guess I will stay optimistic, however, and hope that omicron marks a transition from pandemic to endemic for this family of viruses. It does seem that the new variant is more easily transmitted but less dangerous, especially for those who are fully vaccinated. Let us hope that trend, and the trend toward finding better ways of treating people who get the disease, both continue.

While coronavirus has hogged the headlines for almost two years, and many of us were ready to have something else displace it, it may be another case of being careful what you wish for. The international situation certainly looks much more fraught with danger than even a year ago. We also appear to be "back to the future," experiencing higher inflation than in many decades, and soaring energy prices. As I write, Brent is trading at \$95.10 a barrel (\$16.71/MMBTU), TTF natural gas price at €77.43/MWh (\$25.80/MMBTU) and JKM is \$24.57/MMBTU. Not surprisingly, energy security, and the role energy plays in national security, are also very much back at the top of the agenda. There is no doubt that energy markets throw up a never-ending supply of issues for energy economists to investigate and discuss! I hope that you are all getting your research papers and reports ready to present at our upcoming conferences (see below) and to submit to our publications!

In my December 2021 message I mentioned that we are going to lose AMS as our Association Management Company (AMC) when our contract with them expires at the end of 2022. The "Transition Task Force" established at the beginning of 2022 has been working closely with AMS to write the RFP. Specifying all the services that AMS provides to the Association, and which we hope to retain with our new AMC, has been an eye-opening exercise. Nevertheless, we are also including a list of possible new services in the RFP that would address some of the information gaps, and other possible changes to our procedures and processes, that we have identified in past surveys and other communications with members.

I will end by mentioning our forthcoming conferences. We are trying to get back to holding as many of these as possible in person.

First, we hope that you have added the forthcoming 2022 International Conference in Tokyo to your calendar. We are extremely hopeful that the Tokyo conference will be in person, but it may also have an online component of even be completely online. As of now, this has not been decided. If it is in-person, however, we hope that you will plan to be there!



(continued on page 2)

President's Message (continued)

We very much want you all to think about our 2022 International Conference to be held in Tokyo from July 31 - August 3, 2022 as your "coming back" party! Please visit <https://iaee2022.org/> for the latest conference information and Call for Papers.

Since the 2023 International Conference is being held in Riyadh, Saudi Arabia, it is going to be in the Northern Hemisphere winter, from February 4–9. We are very excited to be holding this event in the Middle East, a region of obvious importance to energy economics, and therefore energy economists, but also a region of growing importance to the IAEE. In what is, in a sense a prelude to the Saudi conference, IAEE is co-sponsoring a Middle East Symposium in the Kingdom of Bahrain from 2–3 March this year.

The second half of 2022 is also shaping up to be a busy conference season as the world tries to put the coronavirus behind us. The 17th IAEE European Conference will be held in Athens, Greece from September 21-24. The 8th ALADEE Latin American Conference will be held in Bogota, Columbia from November 20–22. Roughly midway between the European and Latin American conferences, the USAEE/IAEE North American Conference, we believe, will be held in October. The dates and other details are being finalized now. As with the Tokyo conference, it is unclear at this stage how many of these will be in-person, but we surely hope that they may all herald a return to "business as usual" for the IAEE.

Peter Hartley

Careers, Energy Education and Scholarships Online Databases

IAEE is pleased to highlight our online careers database, with special focus on graduate positions. Please visit http://www.iaee.org/en/students/student_careers.asp for a listing of employment opportunities.

Employers are invited to use this database, at no cost, to advertise their graduate, senior graduate or seasoned professional positions to the IAEE membership and visitors to the IAEE website seeking employment assistance.

The IAEE is also pleased to highlight the Energy Economics Education database available at <http://www.iaee.org/en/students/eee.aspx>. Members from academia are kindly invited to list, at no cost, graduate, postgraduate and research programs as well as their university and research centers in this online database. For students and interested individuals looking to enhance their knowledge within the field of energy and economics, this is a valuable database to reference.

Further, IAEE has also launched a Scholarship Database, open at no cost to different grants and scholarship providers in Energy Economics and related fields. This is available at <http://www.iaee.org/en/students/ListScholarships.aspx>.

We look forward to your participation in these new initiatives.

Editor's Notes

Our request for research on COP26 and Climate Change has led to a truly gratifying number of submissions. We will continue this topic in the third quarter Energy Forum.

Hoelsing Lee writes that climate change is a negative externality problem. The solution is to internalize the externalities. There are several ways for internalizing climate change externalities. Setting global warming limits is one option. A combination of the precautionary approach and risk-based approach has led to the emergence of global temperature goals.

Majid Al Moneef focusses on environmental, social and governance (ESG) related issues from the perspective of environmental, social and governance. This has been gaining wide coverage and global efforts especially related to the E pillar of the ESG.

David Bourghelle, Fredj Jawadi, and Philippe Rozin provide a quick overview of the climate impact of carbon-based energy production and discuss the rules and policies required for an efficient ecological transition.

Marc Gronwald informs us that China faces increasing exposure to extreme heat and is also going through a rapid urbanisation process. It is the combination of these two that poses a particular challenge.

Fereidoon Sioshansi provides a thoughtful overview of the United Nation's 26th Conference of Parties.

David Robinson, who attended the COP26 offers his take on what was, and was not, accomplished in Glasgow. In spite of the disappointments, he still feels that there are reasons to remain optimistic.

Mamdouh Salameh argues that oil will continue to drive the global economy well into the future and that the very last barrel produced will most probably come from Iraq.

Tilak K. Doshi states that while the vilification of the Oil, Gas, and Coal industries continues, the majority of the global population will continue to develop and maintain mutually beneficial partnerships with these producers.

Josef Gochermann informs us that the energy transition can be mapped on four levels. While industry and the state should act on the national and international level, most of the energy transition is taking place at the regional and municipal levels. Here the small-scale and decentralized nature of the new energy world is reflected, where customized individual solutions are created.

Jackie Nock posits that electrification to meet decarbonization goals is a significant new risk facing regulators and utilities. This paper identifies potential changes to regulatory rate setting processes that could help lower the cost of electrification, including addressing regulatory siloes, aligning utility employee incentives, competitive pricing (such as rate discounting), and congestion pricing.

Philippe Benoit writes that climate taxes traditionally apply a uniform price for emissions, but emissions result differing types of underlying activities. Some meet critical basic human needs, while others serve highly discretionary extravagant lifestyles. This article proposes a tax on the extravagant carbon emissions of the wealthy to serve climate and equity considerations.

Alessandra Motz, Beatrice Petrovich, Stefan Gahrens, and Rolf Wüstenhagen detail that increasingly energy policies aim to bring the consumers to the centre of the energy transition. One popular approach is for homeowners and renters in single- and multi-family houses to become solar prosumers. A consumer survey in Switzerland sheds light on the early movers leading the shift towards decentralised energy production.

DLW

IAEE MISSION STATEMENT

IAEE's mission is to enhance and disseminate knowledge that furthers understanding of energy economics and informs best policies and practices in the utilization of energy sources.

We facilitate

- Worldwide information flow and exchange of ideas on energy issues
- High quality research
- Development and education of students and energy professionals

We accomplish this through

- Leading edge publications and electronic media
- International and regional conferences
- Networking among energy-concerned professionals

NEWSLETTER DISCLAIMER

IAEE is a 501(c)(6) corporation and neither takes any position on any political issue nor endorses any candidates, parties, or public policy proposals. IAEE officers, staff, and members may not represent that any policy position is supported by the IAEE nor claim to represent the IAEE in advocating any political objective. However, issues involving energy policy inherently involve questions of energy economics. Economic analysis of energy topics provides critical input to energy policy decisions. IAEE encourages its members to consider and explore the policy implications of their work as a means of maximizing the value of their work. IAEE is therefore pleased to offer its members a neutral and wholly non-partisan forum in its conferences and web-sites for its members to analyze such policy implications and to engage in dialogue about them, including advocacy by members of certain policies or positions, provided that such members do so with full respect of IAEE's need to maintain its own strict political neutrality. Any policy endorsed or advocated in any IAEE conference, document, publication, or web-site posting should therefore be understood to be the position of its individual author or authors, and not that of the IAEE nor its members as a group. Authors are requested to include in a speech or writing advocating a policy position a statement that it represents the author's own views and not necessarily those of the IAEE or any other members. Any member who willfully violates IAEE's political neutrality may be censured or removed from membership.