Global energy governance: an inescapable eventuality or an elusive dream?

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Current state of play

• Over 1 billion ppl w/o access to electricity (1 in 5)

• ‘Electricity enables children to study after dark. It enables water to be pumped for crops, and foods and medicines to be refrigerated.’

- Source: UN
Is energy globally well governed today?

Depends on whose point of view... for some YES; for others, NO...

Large inequalities in per capita energy consumption across countries

Is the evolving energy governance system addressing inequalities?

Source: UNEP/GRID-Arendal
http://www.grida.no/graphicslib/detail/energy-consumption-per-capita-2004_5dca#
What is the current energy security governance system?

- FRAGMENTED
- DISJOINTED
- SELECTIVE MEMBERSHIP
- GUIDED BY STATE INTERESTS
- “GES GOVERNANCE” DOES NOT EXIST
• **Argument:** a cohesive GEG may lead to GES

• **Overview of the main institutions** involved in energy governance and their interaction in 5 key energy sub-sectors:
  
  Trade, Investment, Climate change, Energy transit, Energy security

• **Conclusions**
5 key aspects of energy governance

**Trade**

**Energy security**

**Energy transit**

**Investment**

**Climate change**

WTO, PTAs, ECT, OPEC, GE CF

IEA, IEF, WPC, G-8, G-20, MEF

UNFCCC, WTO, ECT, EU, NAFTA

ECT, WTO, BITs/MITs, ICSID

Institutions are not responsible for GEG *per se* but have an incidental impact.
1. Trade

No truly universal framework governing trade, let alone energy trade. Patchwork in which no one has dominance

- WTO, PTAs, ECT, OPEC, GECF
- these institutions don’t possess exclusive competence over global energy trade. Together they provide a degree of global governance over energy trade
Trade: institutions & processes of relevance to ES

- WTO
  - Energy forms 1/5 of goods traded but is treated same

- PTAs
  - Complement multilateral trade system; can include energy chapter

- ECT
  - Art 3-9 ECT deal with trade;

- OPEC
  - Controls most global oil trade => global energy trade governance

- GECF
  - Similar to OPEC but for natural gas
2. Investment

No overarching framework for investment, let alone energy investment

- **ECT**: Facilitates energy exploration. Obligation to respect & protect foreign investment.
- **WTO**: TRIMs, GATS have investment protection provisions that can be applied to energy.
- **BITs/MITs**: BITs/MITs add another layer of protection to foreign energy investments.
- **ICSID**: Dispute settlement, applicable to energy investment disputes.
3. Climate change/envir protection

No universal governance regime on climate change relating to energy issues

Although 82% of anthropogenic GHG emissions comes from fossil fuels, there is poor state cooperation to govern energy-climate link.
UNFCCC/KP

- No US participation in KP; at COP18 (Doha) many developed countries refused KP 2nd phase commitments;

WTO

- No specific agreement on environment, although:
- Environmental protection is mentioned in WTO Agt
- Committee on Trade and Environment

ECC


EU

- TFEU, Art. 191-193 (on environment)

NAFTA

- Contains measures for environmental protection, but gives priority to trade
4. Energy transit

Energy transit is a crucial element of global energy governance that cuts across several sub-sectors:

- Trade
- Investment
- Environmental protection
- Energy security

TRANSIT
5. Energy security

- Global governance of ES is an outcome of state cooperation in various fields, e.g., trade, investment, transit...
- E.g. EU ES from Russia via Ukraine

Energy security

IEA  IEF  WPC  G8  G20  MEF
Energy security

IEA
- Requires its 28 members to have 90 days of oil reserves to ensure their collective energy security
- Traditionally, members are net consumers
- Engages with non-members for transparency, data sharing

IEF
- Bridge between OPEC and IEA; membership of 89 States
- Includes transition economies, Brz, Ind, Ch; fosters cooperation through dialogue and data sharing

WPC
- More than 60 countries across all continents.
- Not about governance; just dialogue (soft law);
- Includes international and national oil companies
Energy security

G8
- Energy discussed in context of CC. G8 calls for market-based solutions to energy security
- Sometimes +5 included: 2 big producers (Br, Mx), 2 big consumers (India, China)

G20
- Not charged with energy *per se*, but includes big energy producers and consumers
- Since 84% of GHG emissions comes from G20 countries, it can play an important role in energy and CC issues

MEF
- Initiated by US to bring together developed & developing countries responsible for 75% of GHG emissions
- However several producers (e.g., OPEC) are not members
a) National oil companies

- Have risen relative to IOCs and now control about 90% of oil and gas reserves
- NOCs means more oil on the market, more actors, healthy competition
Other phenomena with implications for the global energy economy

b) Global markets

• Have existed before international institutions and rules
Regional energy governance: IEM and the Energy Community

- Greece no longer isolated in SE Europe
- IEM now one cohesive area
Conclusions: Current situation

- States engage in bilateral, regional and multilateral approaches to secure energy, but these do not have universal scope
- **Wide range of institutions** pertaining to global energy governance, but
  - misalignment of mandates -> fragmentation of GEG
  - lack of cohesiveness: aggregation of institutions linked to energy
- What does happen and what *should* happen are two different things – *all ultimately depends on political will*
**Fuel for thought**

**Does current regulation**

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<th>contribute to greater energy security for all?</th>
<th>OR</th>
<th>perpetuate zero-sum dynamics?</th>
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**How can we**

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<th>promote energy security</th>
<th>AND</th>
<th>ensure climate action?</th>
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**Should we have**

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<th>bottom-up approach?</th>
<th>OR</th>
<th>top-down approach to GES?</th>
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Thank you