The global energy landscape continues to evolve, sometimes by the nanosecond. As this landscape shifts, the effects often can be felt across multiple departments and stakeholders in multiple geographies. This paper explores a few of the key global trends influencing the energy landscape to make 2017 an interesting year.
Introduction

The global energy landscape continues to evolve, sometimes by the nanosecond. This level of complexity makes it increasingly difficult for organizations to anticipate and react to the variables that will have the greatest impact on their business. Within those same companies, these impacts are likely to be felt across multiple departments by multiple stakeholders across multiple geographies. In today’s multinational corporations, energy affects not only energy managers and procurement professionals, but also sustainability officers, finance directors, and even public relations teams. A clear view of the market everywhere your organization has an operational footprint is critical to the way you purchase, use and track energy.

The convergence of energy and environmental disciplines, together with the ever-changing global market dynamics, makes 2017 an interesting year. This paper explores a few key trends in more detail:

1. Where will renewable energy grow in 2017?
2. Permian Shale takes on OPEC
3. The Continued Rise of Corporate PPAs
4. The Convergence of Efficiency, Supply and Demand Decision-Making
5. Expanding LNG Market Signals New Global Price Relationships
7. Political and Policy Changes and the Energy Implications: Part 2 (What will change.)

1. Where will renewable energy grow in 2017?

The short answer is everywhere. While developed markets took the lead on renewable investment on a large-scale in the 1980s, 2017 is set to point to emerging markets as the clear leader in adding renewable capacity. The reason behind this global shift is simple: renewable electricity is cheap. As electricity demand in developing markets grows, renewable investment often offers the lowest cost option (even without subsidies).

Of course, that’s true in both developed and emerging markets alike. In the US and Canada, state and provincial targets drive investment, while national subsidies incentivize areas where states don’t have specific targets. In parallel, the EU has had ambitious targets for more than a decade, and 2017 will see continued investment to meet them. Following ratification of the Paris Agreement in 2016 — and within the new EU policy framework – the European Commission published a new package of measures on clean energy transition for the EU Member States (November 2016). This new package includes legislative proposals on energy efficiency, renewable energy, the design of the electricity market, security of electricity supply, and governance rules for the Energy Union.

The package seeks to achieve these three main goals:

• Putting energy efficiency first.
• Achieving global leadership in renewable energies.
• Providing a fair deal for consumers.
In most cases, the developed world faces flat or falling demand, which means the cost of renewable energy often includes a fossil-fuel plant closure.

India and China are leading renewable growth in developing world markets.

However, some of the most significant strides in 2017 are set to come from emerging markets eager to accelerate their positions on the global renewable landscape. India and China are the leaders in the developing world. Their aggressive push toward a greener grid has met with significant issues that developed markets often encounter, such as transmission bottlenecks. Rather than showcase only the challenges of renewable investment though, these countries also show some of the unique approaches emerging markets can take to pursue their renewable goals.

Like many countries, demand centers in India are separated from the most attractive destinations for renewable development. Addressing these bottleneck constraints has become a paramount concern as the Indian government looks to bring online upwards of 9 GW of solar additions in 2017 alone. In response, the government has coordinated the development of “Green Energy Corridors”. These corridors are long-distance transmission lines built to ensure solar and wind resources from India’s east and western corners make it inland to demand centers like New Delhi. In this sense, India highlights a unique aspect that has allowed emerging markets to become a global leader in renewable energy.

Unlike most western markets, India’s primary task is to create capacity. Rather than replace existing capacity – as is often seen in more developed markets – India has greater freedom to structure its grid to maximize the potential of renewable investment.

Elsewhere, similar factors along with significant investment in China have led to impressive growth in renewable infrastructure. In recent years, China has seen combined wind and solar generation grow by 30% annually, with installations of 30+ GW of solar in 2016 alone, adding to the 43.5 GW of existing capacity. The country’s 2020 solar target of 110 GW looks more achievable every day, which will lead to up to 20 GW of solar capacity additions in 2017. Meanwhile, wind generation has been almost equally impressive with an expectation of 16 GW to be added annually over the next five years.

Download full whitepaper here to learn more.