A FRAGILE TIME FOR SUSTAINABILITY

Will the COVID-19 crisis be remembered for accelerating energy transition and tackling climate change?
Key considerations for utilities and energy services companies.
The year began on an upbeat note for the global effort to solve the climate change problem. Europe was presenting its Green Deal, energy-related greenhouse gas emissions (GHG) were flattening, and Greta Thunberg was the latest TIME Magazine “Person of the Year.” Then COVID-19 happened, and changed everything. First detected in late December, the viral infection went global a month later—with terrible consequences on the world economy and human lives.

As infection and death rates continue to rise, governments have rolled out extreme measures such as lockdowns and restricted movement, school and office closures, and a ban on many exports—leaving citizens and corporations scrambling to adjust to this new reality. As the world economy has come to a historic standstill, power utilities and energy services companies are left to ponder how the post-pandemic world will redefine the challenge they have chosen to tackle slowing climate change through energy transition.

Will this sudden upending of the global economy hold back energy companies and users from moving beyond hydrocarbons to clean power? Or, 10 years from now, will the COVID-19 crisis be remembered for accelerating the energy industry's commitment to tackling climate change?

How far will citizens, employees, and consumers take action to strengthen the energy industry’s response to green transition, or will they hang back to deal with the pressing concerns of an economic downturn? Will concerned governments approve stimulus packages to reinforce their commitment to climate change? How will distributed energy and energy services as well as utility-scale renewables fare in the long term, despite a tougher blow initially?

In sum, what will energy transition look like when this crisis is over?

We will first examine the short-term effects of the crisis such as a hold on emission cutbacks, utilities living up to their critical role, and forced behaviors that may leave a mark. Second, we will look at how the current crisis could potentially derail energy transition in the long term, from delays in projects to a backlash toward lowering emissions to reduced societal and institutional pressure. Finally, we will look at the reasons to be optimistic about the long-term impacts on energy transition, from green stimulus packages and further investments in renewables, to virtuous habits that may stick to a fundamental shift in mindsets for a cleaner, healthier world. To conclude, we will share a first overview of possible responses in various scenarios.
The crisis that brought us to an unexpected reality

- Lower consumption, reduced emissions
- Energy transition players show resilience amid the crisis
- Reinventing the way we live

Post-crisis risks could be detrimental to energy transition efforts

- “Refueling” the economy
- Renewables: Delays for new projects?
- Services: The risk of a demand dearth

Can the positive effects outweigh the negative ones?

- New deals, green deals
- Demand and investment will rebuild
- New virtuous habits may prove sticky
- A window to a menacing future, and an awakening opportunity

What color will the new normal be?
THE CRISIS THAT BROUGHT US TO AN UNEXPECTED REALITY

The first half of 2020 will remain as a unique moment in time, one where almost the entire global population was afflicted by similar woes and drawn to similar courses of actions. Does this mean we are on the cusp of a new world order?
Lower consumption, reduced emissions

Lockdowns and curtailed economic activity in many parts of the world have led to some arcadian scenes: Deer strolling peacefully down empty commercial streets and birds chirping in clearer skies in congested cities. The temporary reduction in pollution can be traced to a sharp decline in activity due to the crisis, which also translates to lower electricity consumption—down by double-digit percentages in many countries. The sharp drop in electricity demand is primarily due to setbacks in the commercial and industrial sectors. In the United States, the Energy Information Administration (EIA) forecasts a decrease in commercial and industrial sectors averaging 4% to 5% in 2020.

Power consumption directly influences how energy is produced. A “merit order” governs which source of electricity goes first on the network, and renewable energy leads the way. That’s because it has the lowest marginal cost (unlike natural gas, wind, or solar energy which is generated from free resources). Hence, lower energy consumption is an opportunity for the overall share of renewables in the energy mix to expand. For example, the United Kingdom saw green energy dominating its energy mix in the first quarter, while wind and solar generation grew in China even as the use of hydrocarbon resources decreased.

Less visible than pollution; GHG emissions have also fallen, thanks to the lower energy consumption and the greener mix. Lower coal consumption in China reduced the amount of CO₂ emitted by 200 million tons in the four weeks following Chinese New Year (or -25%) year on year. Overall, the drop in GHG emissions is evaluated to -3% to 14% for the full year 2020 compared to 2019—or -1 to -5 gigatonne (Gt)—depending on the length of the lockdown.
Energy transition players show resilience amid the crisis

Utilities are in the driver’s seat on two fronts today: providing reliable power—an essential service amid this crisis—and transitioning to clean power, an inevitable move in the face of growing pressures to tackle climate change. Governments have cited them as a critical industry, providing reliable power services to hospitals and public service establishments, supermarkets and data centers, and to facilitate remote connection for those working from home.

And utilities are living up to their core mission, helped by solid contingency and continuity plans. They are delivering electricity and balancing the grid despite a steep decline in their most important source of flexibility: commercial and industrial activities. These activities account for the bulk of demand-response adjustments. Past investment in smart meters and other digitalized operations are proving useful, providing the backbone for operations continuity, while a shift to renewable energy is underscoring the reliability of those resources during stressful situations. Take Danish Ørsted, Italian Enel, or French small renewables pure-player Neoen: Each of these companies have communicated that their day-to-day operations are not disrupted.

Utilities are also doing their part to ease customer hardships in this crisis, offering flexibility in payment collection and suspending disconnections among other voluntary initiatives. ENGIE, for example, is providing free energy to almost 100 hospitals in Italy, and through its services branch supports the hospitals to build or extend medical units. Even as revenues drop — both from declining consumption and non-payment of bills—an obligation to serve remains, utilities are showing remarkable resilience as they continue to provide critical services.

That resilience is not going unrewarded by shareholders: At the beginning of April, they were in the top five “least badly performing” sectors year to date, along with healthcare, consumer staples, IT, and communication services—with investors potentially looking for a “safe haven” in utilities.

The outlook is more muted for distributed energy resources (DER) and energy services. The majority of activities in this sector such as installation of rooftop solar or charging of electric vehicles have stalled. In the U.S., residential solar, with its onsite install and required investment, has already seen furloughs and layoffs. However, they have stepped up to help when needed. ENGIE’s teams remained onsite in London to ensure continuity of critical heating and cooling systems in a 4,000-bed COVID-19 treatment facility, and in Boston for the onsite utilities of Harvard-affiliated hospitals. Some also managed to adapt their offerings to the new reality: Sunrun is using innovative solutions such as remote contracting and contactless installation with drones to comply with social distancing etiquette when delivering residential rooftop solar. On top of that, in an effort to help families alleviate their utilities bills, Sunrun has launched a “no down-payment, one dollar a month” offer.

“For many of our large industrial clients, sustainability has become an integral part of their strategy. Consequently, the potential redefinition of priorities following COVID-19 raises some very strategic and difficult questions around their sustainability investments.”

Bruno Berthon
Accenture Strategy
Utilities Global Lead
Reinventing the way we live

The pandemic and accompanying government measures are forcing a drastic change in the way we live and work. For starters, breathing cleaner air above empty streets has temporarily given us the feel of an emission-free world. Plus, there are restrictions on leisure and business travel. Working from home and flexible work hours are replacing daily commutes on busy thruways. Homes are becoming the focal point, serving as a residence, office, and recreation center. Health is top of mind, and everyone is seeing how major events can overwhelm the healthcare system.

Collaboration toward common goals, say, slowing the spread of the virus or finding a vaccine for COVID-19, is gaining traction. Inequalities such as access to healthcare are being questioned. A new sense of priorities across sectors, roles, and jobs has emerged. Many changes previously thought unachievable such as widespread adoption of telemedicine have taken place.

Cities around the globe have experienced the power of data analytics and smart city equipment for contagion tracking. South Korea set up a dashboard that reduced contact-tracing time from 24 hours to 10 minutes. In India, 45 command and control centers constructed under Smart City Mission switched from monitoring water supply and street lighting to tracking day-to-day health of quarantined citizens. Boston created dashboards for its inhabitants to follow the day-to-day spread of the virus. Whether more cities will begin leveraging smart city applications for other purposes including tracking energy consumption and emissions remains to be seen.
POST-CRISIS RISKS COULD BE DETRIMENTAL TO ENERGY TRANSITION EFFORTS

In the long term, there are some reasons why the coronavirus pandemic could hamper efforts to curb climate change, much like prior crises have.
“Refueling” the economy

COVID-19 has temporarily reduced harmful carbon emissions from curtailed economic activity and lower power consumption. However, economic value creation, as measured by GDP, is strongly correlated to energy consumption. It is hard to see how the global economy could recover without a corresponding increase in emissions at the same pace—or worse, growing—unless there is a surge in energy efficiency.

During the 2008 financial crisis, CO₂ emissions also dropped, albeit by just a few percent. However, that trend reversed quickly and a year later emissions were increasing faster than ever. Among the causes of this “rebound effect” were stimulus packages that promoted carbon-intensive activities. For COVID-19 too, the economic stimulus packages that countries adopt will largely determine whether this crisis is a threat or an opportunity for energy transition. So far, a handful of European countries asked for the European measures to be set aside. China has announced it will modulate environmental supervision to boost the economy, offering exemptions and deadlines extensions. In the U.S., the CARES stimulus package does not include any incentives for energy transition or renewables, or any tax credit extensions.

COP 26, the 2020 United Nations Climate Change Conference, is where the world’s governments planned to address conjointly the challenge of climate change, in the wake of the Paris agreements in 2015, and the disappointing Madrid COP 25 in December 2019. It is now postponed to 2021, delaying an already laborious effort.
Is a “sustainability winter” right around the corner?

Artificial intelligence came about in the 1950s. But it went through periods of long “AI winters” with waning public interest, leaving only the diehards working on it. It regained popularity a few years ago when huge amounts of data produced, coupled with affordable computing and storage power, improved its value proposition.

Sustainability has a remarkably similar story. After enjoying much popularity in the 2000s, it has re-emerged as a top-of-mind preoccupation for businesses and individuals, according to Accenture’s Fjord Trends report. The years in between have been like a “sustainability winter,” probably prompted, among other causes, by the 2008 financial crisis. The pressing question today is: Will the COVID-19 crisis reverse the upsurge of the past years and cause another “sustainability winter?” Or will it force the realization that our daily decisions impact our future, strengthening our commitment to a sustainable future?

Popularity of the term in Google Search, worldwide, relative to total number of searches that month. Light curve: by month. Dark curve: yearly average of monthly measures. 100=peak monthly interest for most searched topic among the three considered (here Climate).

Source: Google Trends data, Accenture Analysis.
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Renewables: Delays for new projects?

Today, electricity from utility-scale renewable resources is being produced without any problem. But disruptions can crop up over time; generation companies are worried about replacement of critical parts. Those that perform the maintenance of their equipment in-house are relatively better off. However, those that outsource operations and maintenance to original equipment manufacturers (OEM) have little visibility on the stocks of spare parts. And the OEMs will likely have to distribute available scarce parts among several clients in need, potentially causing delays.

Bigger issues could emerge with new renewable energy projects. New solar farms face numerous challenges related to their supply chains. Being heavily reliant on China, their procurement was severely disrupted in January and February. But since then, companies such as Envision and Goldwind have resumed production. The China Purchasing Managers Index (PMI), which surveys hundreds of Chinese companies about their economic activity, shows a return to or above pre-crisis conditions. However, some companies in Europe still report difficulties in sourcing components. These sourcing issues together with the suspension of construction work during the lockdown are highly likely to delay the delivery of solar projects around the world. Overall, the Energy Information Administration (EIA) in the U.S. had decreased its forecast for added solar capacity in 2020 by 10%.

The wind energy supply chain is more global and many of the manufacturers located in Italy, Spain, and India, are currently closed. The EIA revised its forecast downward by 5 percent less added capacity in 2020 as a result of the COVID-19 crisis.

For both solar and wind utility-scale projects, 2020 was on track for major capacity extension, notably because of incentives such as feed-in-tariffs or premiums. The pandemic and resulting delays put many projects at risk of missing the incentive deadlines. In Europe, most countries are currently extending such deadlines. Take for example the Feed-in Tariffs Coronavirus Amendment that came into effect in the U.K. on March 31, 2020. As we wrote this report, Vietnam was considering an extension to 2023, notably because of the virus.

The larger projects might be better able to withstand the delays and disruptions. The smaller ones may need debt restructuration and new loans, and there’s the added uncertainty that lack of liquidity could limit their access to, and increase the cost of, financing. These difficulties, coupled with the need to quickly assemble the appropriate people to process the required permits, could reduce the number and size of new projects. Lastly, power purchase agreements (PPAs) might temporarily be perceived as liabilities: businesses that signed PPAs based on their pre-crisis consumption may now get more electricity than their closed plants can consume and pay for it above market price. It remains to be seen if the appetite for PPAs will wither.

“Although financing will be a topic for future growth, there’s consensus that large-scale renewables are part of critical infrastructure, so their operations were relatively less disrupted. However, on the distributed energy side, we feel the development is significantly disrupted.”

Melissa Stark
Global Renewables
Lead for the Utilities Industry
Services: the risk of a demand dearth

Overall, energy services and DER companies are more likely to suffer from the current difficulties, especially the smaller ones that cater to the needs of individuals and small businesses. Operations are currently disrupted in this labor-intensive business, while they face payment obligations from growth investments. Another fallout from the disruptions could be the lack of available in-person training and certification opportunities, putting energy services companies that are required to update accreditations yearly in breach of the law, unless exemptions are put in place.

While difficulties in operations are serious, demand is a bigger worry. Buyers may postpone their solar projects owing to reprioritization and slowdowns in the permitting process. The French federation of energy services communicated that renewable energy projects are paused and some requests for proposals from public bodies suspended. How fast will demand rebound after the end of lockdowns? For smart lighting, a recent report downsized its estimation by over 20% for as far as the year 2025. As long as prices of oil, gas and coal remain low, the economic rationale for energy efficiency will take a hit. Therefore, the outlook for energy efficiency and distributed energy companies will depend largely on regulatory incentives, public opinion, and resulting business commitments that will drive new energy projects.

As for the price of emitting carbon, that summarizes the value of all energy transition projects, it was one of the best performing commodities over the past 18 months, but its price under the EU Emissions Trading System (EU ETS) fell by 40% in two weeks. This reduces the incentive to tackle emissions. Similarly, the 2008 recession resulted in a steep decline of EU ETS carbon prices. It took carbon prices 10 years and significant market reforms to recover. The carbon market would need additional reforms to avoid oversupply of permits and help it recover faster from crises.

Large-scale renewables withstand COVID-19 better than energy services, distributed energy

Relative share price movement of selected European and U.S. companies

[100 = value on February 3, 2020]

Utility-scale generation companies seem to be weathering the COVID-19 crisis better than those in distributed energy and energy services. Note: Enel, which saw the biggest drop among the renewables players, also offers energy services and DER. While Ameresco, which fared the best among DER/energy services players, also operates utility-scale renewable generation.

Source: Yahoo Finance and Capital IQ, data, Accenture analysis. Curves have been smoothed for legibility.
CAN THE POSITIVE EFFECTS OUTWEIGH THE NEGATIVE ONES?

In the post-pandemic world, one thing that won’t disappear is the need to protect the world from the risk of another global threat that could unleash as much human suffering: climate change. Although the current crisis is creating setbacks to counter this threat, it could eventually pave the way for a huge opportunity to support and accelerate energy transition. Below are some reasons for this optimism.
New deals, green deals

Not all countries think supporting the economy must be at the expense of energy transition: some believe both are highly compatible.

On one hand, while the utility-scale generation of renewable energy per se might not need as much support anymore now that scale has allowed them to be competitive, incentives to modernize the electric power grid infrastructure would be more than welcome. That would include plans to accommodate variable generation, requiring greater sources of flexibility from load leveling to reactive power services and frequency control.

On the other hand, the labor-intensive DER and energy services are perfect candidates for stimulus plans that aspire to create jobs and boost economies while keeping climate change in mind. Distributed solar, re-lamping for smart lighting or building efficiency are good examples—think of the $4 billion building isolation campaign in the U.S. in 2011 led by the Obama administration. Another potential booster for both growth and jobs is the battery industry. The European Battery Alliance, launched in late 2017 by the EU with €100 billion funding, had a pilot site due to open in France in early 2020, just as retrofit of internal combustion vehicles has been authorized there. Continued investment in all those areas would combine a short-term boost to the economy along with a long-term lock-in of efficiency, alleviating concerns about future climate-induced crises and proving to be a wise investment when energy prices jump again. The International Energy Agency (IEA) director, Fatih Birol, also points out that record low oil prices, while a risk for energy-efficiency operations, are also a perfect incentive to lower or remove subsidies for fossil fuel consumption, freeing up more than $160 billion worldwide.

Many governments are already including energy transition in their pandemic reaction plan. In early April, two states in Australia announced new measures to support renewables, including feed-in tariffs, grants, and access to neighborhood batteries. In the U.S., the state of New York announced the Accelerated Renewable Energy Growth and Community Benefit Act to combine economic recovery and energy transition through large-scale renewable and clean energy projects. In Europe, where the parliament voted its Green Deal in January, energy transition, together with digital transformation, are front and center of the post-pandemic stimulus plan with the support of most countries.
Utilities continue to invest in additional renewables capacity, based on future demand projections of clean power. Iberdrola elected to maintain its ambitious investment strategy for 2020 and accelerate, not slow, its purchases from suppliers, placing orders for almost €4 billion in March. Engie bid for, and won, 235 MW of wind and solar in a tender on April 1. Some large contracts for renewables have been signed even during the crisis. Toyota in Japan just announced investments to secure green energy supply for its whole group through a joint venture with a local utility, Chubu Electric Power.

Investors have reasons, despite the low price of oil, to seek investments in wind or solar farms: their yield, often tied to long-term contracts, is steady and low risk. Furthermore, these investments’ correlation to the yields of the general economy is limited, which is a boon for investors seeking to diversify in an uncertain period. Wind and solar experienced a surge after the 2008 crisis, for similar reasons.

Additionally, the crisis might have impacts that will mechanically support demand for energy services and DER. For instance, many companies have begun to consider re-localizing supply chains. This might mean less transportation and, importantly, control on the energy sources and energy efficiency that underlies a greater part of operations. Additionally, through the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), the airline industry agreed to maintain its net global emissions at the annualized average of years 2019 and 2020 as its baseline for future years until 2050. Excess emissions need to be offset by investments in emissions reductions or avoidance. The COVID-19 crisis will certainly lower the threshold that airlines expected. Several hundred NGOs also signed a call against airlines rescue without environmental compensations. While the CORSIA target may be reevaluated, it might still be an opportunity to help the industry improve on its disproportionate climate change impact.

As for distributed energy resources, community solar—a niche market where individuals can access off-site distributed solar energy without installing panels on their roof—was on the rise before COVID-19. With online subscription and no new installation required, it seems to be unscathed by the current crisis. Nexamp, a Boston-based community solar developer, said it’s hiring dozens of new workers. Florida Power & Light is continuing to develop the largest US community solar program, while a new platform was launched in Lithuania at the end of March.

New virtuous habits may prove sticky

According to the United Nations Environment Programme (UNEP), emissions must drop by 3% every year to limit global warming to 2°C (more for 1.5°C). This year, if emissions fall anywhere from 3% to 14% as a result of curtailed activities due to the crisis, it would account for one to five years of desired reduction: this is a non-negligible push. New habits forced by the crisis could help further extend the unplanned emission reductions. For instance, companies could invent alternatives to business travel to foster good working relationships. Software innovation during the “break” will certainly help with that: even production inspection and the tuning of manufacturing settings by engineers during new product launches, usually a fair reason to travel, can now be performed distantly.

The growth of e-commerce—quoted as a result of China’s SARS epidemic in 2003—is an ambiguous contributor to climate change. It is hard to measure whether it increases or reduces the contribution of the global chain—a good reason to work on its energy efficiency. Overall, the experimentation of new possibilities can provide new foundations for more ambitious transition programs.
A window to a menacing future, and an awakening opportunity

In the coronavirus crisis, the economy is a short-term preoccupation, but saving lives is an immediate one. In the climate change crisis, the main difference is the horizon: the degradations to our environment seem like a comparatively distant threat. Beyond fundamental differences though, COVID-19 and climate change have commonalities that may help us rethink our actions.

COVID-19 provides a strong analogy or even a “Freudian transference” for the future woes of climate change and possible action on it. The first-hand experience of a sense of urgency and a capacity to act can change one’s attitude towards threat. Living through this current pandemic could be a wake-up call to address climate change—another global threat with enormous consequences. Importantly, the “capacity to act” in a pandemic crisis is defined both by actions, such as 3D-printing urgently needed masks; and non-actions, such as not going out. Similarly, the energy that is not consumed is central to energy transition projects. This experience is a lesson in externalities, as many people stay at home to protect their neighbors more than themselves—just as consuming green energy is not valued for convenience or pleasure, but because of its benefit for the whole planet. It is also a massive and sustained change to day-to-day decision making, enabled by coordinated communication. If people could do “the unthinkable” to counter COVID-19, as the French president phrased it, the scale and ambition of the response to climate change might shift as well. Additionally, the current crisis has prompted countries to trust their scientists to calibrate a response, and their citizens to discuss and understand the stakes.

Another commonality is the potential costs. That managing the pandemic has run up costs to the order of trillions of dollars gives an idea of what climate change may cost in the long run. Extreme weather events in the U.S. alone have cost $1.6 trillion since 1980. But knowing that the annual number of massive climate-related events doubled between 2016 and 2018 as compared to long-term average, COVID-19 may be giving us just a taste of what “acceleration”, “too late”, or “wasted precious time” mean. Speaking of costs, looking at the “Impact and Likelihood” matrix of risks for the next 10 years in the 2020 Global Risks Report from the World Economic Forum might be a potent motivator for companies to contribute to fighting climate change. “Infectious Disease” ranks medium-low in Likelihood and medium-high in Impact, whereas “Climate Action Failure” and “Extreme Weather” are top in both categories.

COVID-19 and climate change both showcase the ties between local actions, global dynamics, and local consequences—including on health and survival. Indeed, climate-related events affecting large populations simultaneously would stretch the health systems in a similar way. The general population has a chance to awaken to more interest, not less, for climate change after this crisis, despite the pressing economic concerns. That is, provided inequalities don’t increase as a result and make economic considerations the only valid ones for many.

“IT’ S A FRAGILE MOMENT FOR SUSTAINABILITY. FOR EXAMPLE, WILL CITIES DIVEST THEIR DISCRETIONARY INVESTMENT FROM ENVIRONMENT TO HEALTH? OR WILL THEY COMMIT TO KEEP THE PURF AIR CITIZENS BREATHED DURING THE CRISIS, AND INCREASE THEIR AIR QUALITY TARGETS? NOBODY CAN TELL YET.”

Melissa Stark
Global Renewables
Lead for the Utilities Industry
Mid- to long-term impact: Four scenarios that will influence utilities’ response

**Economic Arbitrations**
- The classic model of governments doing the work or internalizing externalities through regulations
- Individuals and businesses have ceased to be the driving force they had become in the past few years. Instead, they focus on economic survival and arbitrate their decisions rationally, on a case-by-case basis

**Virtuous Circle**
- Expectations from citizens, employees, and consumers are increased by taking stock of the stakes
- Businesses continue to grow their green commitments
- Governments make energy transition one of the engines of economic stimulus

**Sustainability Winter**
- Economic stimulation at all costs concentrates on emission-heavy sectors such as traditional construction
- A majority of individuals has more pressing preoccupations than climate change
- Businesses sacrifice sustainability efforts to cut costs

**Society in the Driver Seat**
- States concentrate on economic stimulation and fail at coordinated action for climate
- People lose faith in governments but remain mobilized as employees and consumers
- Businesses take over and federate efforts
- Relocalized supply chains increase businesses’ control over energy choices

**BUSINESSES’ AND INDIVIDUALS’ GREEN EAGERNESS**

**Additional Influences:** A few additional macroeconomic factors will influence the situation that emerges.

- **Lower energy price**
  - The higher the energy prices, the greater the incentives for businesses and individuals to embark on transition projects.

- **Deeper recession**
  - The longer the activity interruption, the tougher the recession, and the more civil society will need to either combine “end of the month and end of the world”, or forego the latter.

- **Higher increase in inequalities**
  - The more this crisis results in a long-term increase in inequalities, the more underprivileged groups (in developed or emerging countries) are likely to be vocal about other preoccupations than climate. Rising inequalities will encourage governments to step in.

Among the external factors that will shape the environment in which utilities and energy services companies will play, two appear most crucial. First, government policies: whether stimulus plans focus on, or forget about, energy transition. And even if they do include it, which aspects will they highlight? Will bailouts come with conditions for emissions, or carbon markets be redefined? How these dynamics pan out in different regions, and whether governments manage to coordinate actions will play a crucial role in sustaining or stalling energy transition.

Second, activism. We see Amazon’s employees striking for the climate and consumers going out of their way to reduce their carbon footprints with car sharing, recycling, etc. Large companies are planning for “net-zero” emissions while startups are inventing smart ways to capture carbon. Will they still make climate-friendly choices in a post-pandemic world?

Each of these scenarios entails different bets for the energy transition players. The Virtuous Circle scenario would vindicate those that will keep investing to be innovative leaders. Both Virtuous Circle and Society in the Driver Seat imply opportunities for innovative, ambitious offerings such as PPA 24/7. In an Arbitrage scenario, adapting offerings to incentives—and facilitating access to them—will prove key, while public-private partnerships might flourish. Whereas a sustainability winter would make affordability the cardinal virtue.
WHAT COLOR WILL THE NEW NORMAL BE?

A few years from now, when we look back at the history of energy transition in the rear-view mirror, what will we see? A boost enabled by public awakening and green stimulus plans, or a blow delivered by the unprecedented economic downturn?

It is too early to say as there still are many moving parts in the current situation. The infection containment itself still is uncertain: Will it be a rapid remission, a prolonged and exhausting battle, or a series of cyclical outbreaks? While we know by now that the economic shock will be massive, spending and saving may both be good answers. As for the reactions of the stakeholders, whether governments or civil society, every day still brings its fair share of novelty: such a “black swan” can redefine behaviors and lines of thinking. In such an environment, it makes sense for utilities to concentrate on the now: operational resilience and new ways of working for utilities; and for energy services companies, dealing with working capital requirements, furloughs, and the search for innovative ways to operate.

In the coming weeks, as lockdowns are lifted and the features of the new reality start to be better understood, the time will come for energy transition leaders to plan for what comes next and review their strategy in the light of the new environment, with its shades of green and black. We’ll be back by then with forecasts of the likely scenarios and corresponding plans.
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PPA 24/7 are Power Purchase Agreements that guarantee an equal share of green energy produced to that consumed not only over the course of a year, but day by day and hour by hour. In classic PPAs, despite the commitment to green energy, yearly smoothing allows emissions-heavy sources to be consumed in order to meet demand on a windless winter evening. In contrast, a PPA 24/7 deploys a range of alternative generation sources and storage means to ensure green energy is available at all times. Therefore, the PPA 24/7 has a much more powerful effect on the global energy mix.
Help for all

To help our clients navigate both the human and business impact of Covid-19, we’ve created a hub of all of our latest thinking on a variety of topics.

Each topic highlights specific actions which can be taken now, and what to consider next as industries move towards a new normal.

From leadership essentials to facilitating productivity for your employees and customer service groups to building supply chain resilience and much more, our hub will be constantly updated. Check back regularly for more insights.


About Accenture

Accenture is a leading global professional services company, providing a broad range of services in strategy and consulting, interactive, technology and operations, with digital capabilities across all of these services. We combine unmatched experience and specialized capabilities across more than 40 industries - powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. With 509,000 people serving clients in more than 120 countries, Accenture brings continuous innovation to help clients improve their performance and create lasting value across their enterprises.

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